

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 19, 2016

Mr. James Runyan
President
Wyoming Refining Company
P.O. Box 10
Newcastle, WY 82701

CPF 5-2016-6004W

Dear Mr. Runyan:

On the week of November 2 through 6, 2015, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Wyoming Refining Company (WRC) facilities in Newcastle, Wyoming. As part of the inspection, we also reviewed your operation and maintenance procedures, and records documenting the implementation of those procedures.

As a result of the inspection, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation(s) are:

- 1. §195.505 Qualification Program**
...(b) Ensure through evaluation that individuals performing covered tasks are qualified.

At the time of the inspection, WRC's corrosion protection supervisor/technician was not qualified at the time he was performing the cathodic protection covered tasks, nor was he supervised by qualified personnel.

2. §195.404 Maps and Records

...(c) Each operator shall maintain the following records for the periods specified;

...(3) A record of each inspection and test required by this subpart shall be maintained for at least 2 years or until the next inspection or test is performed, whichever is longer.

Records available at the time of the inspection indicated that the maximum 3-week interval between right-of-way inspections allowed under §195.412(a) was exceeded between July 29, 2015 and August 24, 2015.

3. §195.440 Public Awareness

...(d) The operator's program must specifically include provisions to educate the public, appropriate government organizations, and persons engaged in excavation activities.

WRC had not previously identified excavators as one of their four (4) affected stakeholder audience groups as required. WRC stated they will include this group in future pamphlet mailings.

4. §195.402 Procedural manual for operations, maintenance, and emergencies

(a) Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

At the time of the inspection, WRC failed to follow their written procedures for maintaining liaison as required by §195.401(c)(12). Liaison records were reviewed for Weston County Fire Protection (July 2010), Hermes Fire Department Insurance (July 2010), and the Newcastle Fire Department (May 2003). Documentation of liaison activities with Homeland Security was also missing. Furthermore, records at the time of inspection appeared to be incomplete, with gaps in years, and did not show a consistent "continuing" program.

5. §195.575 Which facilities must I electrically isolate and what inspections, tests, and safeguards are required?

(a) You must electrically isolate each buried or submerged pipeline from other metallic structures, unless you electrically interconnect and cathodically protect the pipeline and other structures as a single unit.

WRC stated that they performed continuity tests at the refinery and at Mule Creek isolation points but were unable to provide records to demonstrate those tests from 2010 to 2015. There are four (4) casing locations and the annual survey, performed in November 2015, which indicated adequate isolation at those areas; however, no records were produced to show isolation from 2010 to 2015. There appears to be an electrical short around the insulator between WRC and the Magellan lines at Mule Creek. Impressed current, identified as “high” polarized potential (off) reading, was found from mile post (MP) 27 to Mule Creek during the November 2015 cathodic protection (CP) annual survey. WRC should require their CP contractor to investigate and correct the issue, as necessary.

6. **§195.567 Which pipelines must have test leads and what must I do to install and maintain the leads?**
...(c) Maintenance. You must maintain the test lead wires in a condition that enables you to obtain electrical measurements to determine whether cathodic protection complies with §195.571.

During the field inspection, PHMSA observed at the MP 2 fence line the CP test station was not working. While reviewing the current annual survey, performed by a contractor, it was noted that several CP test stations were missing or were in need of repair.

7. **§195.571 What criteria must I use to determine the adequacy of cathodic protection?**
Cathodic protection required by this Subpart must comply with one or more of the applicable criteria and other considerations for cathodic protection contained in paragraphs 6.2 and 6.3 of NACE SP 0169 (incorporated by reference, see §195.3).

At the time of the inspection, WRC did not collect “off” pipe-to-soil potentials reading, no “on/off” Close Interval Survey (CIS), or any comprehensive consideration of IR drop (voltage drop), per NACE SP 0169.

8. **§195.452(i) What preventive and mitigative measure must an operator take to protect the high consequence area?**

(1) General requirements. An operator must take measures to prevent and mitigate the consequences of a pipeline failure that could affect a high consequence area. These measures include conducting a risk analysis of the pipeline segment to identify additional actions to enhance public safety or environmental protection. Such actions may include, but are not limited to, implementing damage prevention best practices, better monitoring of cathodic protection where corrosion is a concern, establishing shorter inspection intervals, installing EFRDs on the pipeline segment, modifying the systems that monitor pressure and detect leaks, providing additional training to personnel on response procedures, conducting drills with local emergency responders and adopting other management controls.

At the time of the inspection, WRC was unable to provide any documentation of preventive and mitigative measures (P&MM) which were considered or implemented to reduce the consequences of a pipeline failure that could affect the high consequence area.

9. §195.49 Annual Report

Each operator must annually complete and submit DOT Form PHMSA F 7000-1.1 for each type of hazardous liquid pipeline facility operated at the end of the previous year. An operator must submit the annual report by June 15 each year, except that for the 2010 reporting year the report must be submitted by August 15, 2011. A separate report is required for crude oil, HVL (including anhydrous ammonia), petroleum products, carbon dioxide pipelines, and fuel grade ethanol pipelines. For each state a pipeline traverses, an operator must separately complete those sections on the form requiring information to be reported for each state.

At the time of the inspection, WRC failed to submit DOT Form PHMSA F7000-1.1 for calendar year 2010.

10. §195.569 Do I have to examine exposed portions of buried pipelines?

Whenever you have knowledge that any portion of a buried pipeline is exposed, you must examine the exposed portion for evidence of external corrosion if the pipe is bare, or if the coating is deteriorated. If you find external corrosion requiring corrective action under §195.585, you must investigate circumferentially and longitudinally beyond the exposed portion (by visual examination, indirect method, or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the exposed portion.

There were no records produced to indicate that WRC examined the exposed portions of the buried pipeline during the January 2006 pipe replacement in the refinery.

11. §195.505 Qualification Program

...(i) After December 16, 2004, notify the Administrator or a state agency participating under 49 U.S.C. Chapter 601 if the operator significantly modifies the program after the Administrator or state agency has verified that it complies with this section.

At the time of the inspection, WRC did not notify PHMSA of significant changes to their Qualification Program. The primary change is that the operator no longer qualifies their employees for covered tasks. Wyoming Contractor Association is now the entity that qualifies the WRC's individual personnel.

12. §195.452(l) What records must be kept?

(1) An operator must maintain for review during an inspection:

(ii) Documents to support the decisions and analyses, including any modifications, justifications, variances, deviations and determinations made, and actions taken, to implement and evaluate each element of the integrity management program listed in paragraph (f) of this section.

At the time of the inspection, WRC failed to provide records to demonstrate they were confirming and/or validating the accuracy of In Line Inspection (ILI) tool that was used. No records of comparison of results/anomalies from either the 2005 or 2010 ILI results were provided. WRC disagrees with the premise that ILI validation digs are required to compare ILI data. WRC believes disturbing the soil and digging an anomaly that is not a required repair is unnecessary. From WRC's ILI Manual, Section 7, Documentation: "The Integrity Management plan development and update involves a review of the current in-line inspection results in conjunction with subsequent excavations, cathodic protection data, corrosion growth models, pressure cycle monitoring, coating type and condition, and metallurgical components of the steel pipe." No records were provided to demonstrate the operator is following this process.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$205,638 per violation per day the violation persists up to a maximum of \$2,056,380 for a related series of violations. For violation occurring between January 4, 2012 to August 1, 2016, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item(s) identified in this letter. Failure to do so will result in Wyoming Refining Company being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2016-6004W**. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Sincerely,

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 D. Fehling/C. Allen (#150199)