

WARNING LETTER

VIA E-MAIL TO MR. JOSEPH ISRAEL

September 25, 2020

Mr. Joseph Israel
President & CEO
Par Pacific Holdings, Inc.
10 Stampede St.
Newcastle, WY 82701

CPF 5-2020-6001W

Dear Mr. Israel:

During the weeks of March 18 through 22, July 29 through August 2, September 16 through 20, and December 9 through 12, 2019, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected the Wyoming Crude Pipeline, a subsidiary of Par Pacific Holdings, Inc., (Par Pacific) in Newcastle, Wyoming.

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 (CFR). The items inspected and the probable violations are:

1. **§195.422 Pipeline repairs.**

(a) . . .

(b) No operator may use any pipe, valve, or fitting, for replacement in repairing pipeline facilities, unless it is designed and constructed as required by this part.

While replacing and repairing pipe associated with anomaly digs in 2017, Par Pacific had several welds that were performed outside the parameters of the qualified welding procedure for the V Groove Weld, WPS-X52V pursuant to § 195.501 *et seq.* Those included:

- Dig #270/Weld TO-1069 performed on September 12, 2017. The external clamp was removed at 30% when the procedure required removal at a minimum of 50%. Also, information for the second filler pass was not documented (electrode and size).
- Dig #257-258/Weld 1060TI performed on September 12, 2017. The external clamp was removed at 30% when the procedure required removal at a minimum of 50%. Also, the ampere range for the root, hot, and the first filler pass were outside the parameters specified in the procedure; and no record of the second filler pass (electrode and size) was documented.
- Dig #257-258/Weld 1060 performed on September 12, 2017. The external clamp was removed at 30% when the procedure required removal at a minimum of 50%. Also, the ampere range for the root, hot, and the first filler pass were outside the parameters specified in the procedure; and no record of the second filler pass (electrode and size) was documented.

2. **§195.132 Design and construction of aboveground breakout tanks.**

(a) . . .

(b) For aboveground breakout tanks first placed into service after October 2, 2000, compliance with paragraph (a) of this section requires one of the following:

(1) ...

(3) Vertical, cylindrical, welded steel tanks with internal pressures at the tank top approximating atmospheric pressures (i.e., internal vapor space pressures not greater than 2.5 psig (17.2 kPa), or not greater than the pressure developed by the weight of the tank roof) must be designed and constructed in accordance with API Std 650 (incorporated by reference, see §195.3).

Pursuant to API Std 650, 11th Edition (effective 2012), Section 5.8.3.5, “Shell manhole covers shall have two handles. Those covers weighing more than 34 kg (75 lb) shall be equipped with either a hinge or davit to facilitate the handling of the manhole cover plate. The davit support arm shall not be welded directly to the shell without a reinforcing plate.”

While reviewing records and verification in the field, PHMSA discovered that Tank 109 at Thunder Creek Station (a vertical, cylindrical, welded steel tank with internal pressures at the tank top approximating atmospheric pressures and constructed in 2017) was found out of compliance with API Std 650, Section 5.8.3.5, as the manhole covers had one handle rather than two.

3. §194.107 General response plan requirements.

- (a) . . .
- (c) **Each response plan must include:**
 - (1) **A core plan consisting of –**
 - (i) ...
 - (viii) **Equipment testing.**

Par Pacific provided a list of emergency equipment resources during the PHMSA inspection. However, facility-owned equipment for emergency response found in the spill response trailer have degraded over time. The “in-service” date for the majority of these emergency response items was 2003. Par Pacific failed to demonstrate that the emergency response equipment is tested or checked for response suitability.

4. §194.107 General response plan requirements.

- (a) ...
- (c) **Each response plan must include:**
 - (1) **A core plan consisting of –**
 - (i) ...
 - (ix) **Drill program – an operator will satisfy the requirement for a drill program by following the National Preparedness for Response Exercise Program (PREP) guidelines. An operator choosing not to follow PREP guidelines must have a drill program that is equivalent to PREP. The operator must describe the drill program in the response plan and OPS will determine if the program is equivalent to PREP.**

Par Pacific could not provide records or other substantiating evidence to demonstrate that equipment deployment exercises occurred in the previous three calendar years (2016-2019); and quarterly Qualified Individual (QI) notifications could not be provided for 2018 and 2019, pursuant to PREP guidelines.

5. §194.117 Training.

- (a) ...
- (b) **Each operator shall maintain a training record for each individual that has been trained as required by this section. These records must be maintained in the following manner as long as the individual is assigned duties under the response plan:**
 - (1) **Records for operator personnel must be maintained at the operator’s headquarters.**

Par Pacific could not provide training records to demonstrate training of emergency response personnel had occurred in the previous three years, calendar years 2016 – 2019.

6. §194.121 Response plan review and update procedures.

(a) Each operator shall update its response plan to address new or different operating conditions or information. In addition, each operator shall review its response plan in full at least every 5 years from the date of the last submission or the last approval as follows:

(b) If a new or different operating condition or information would substantially affect the implementation of a response plan, the operator must immediately modify its response plan to address such a change and, within 30 days of making such a change, submit the change to PHMSA. Examples of changes in operating conditions that would cause a significant change to an operator's response plan are:

(1) An extension of the existing pipeline or construction of a new pipeline in a response zone not covered by the previously approved plan;

(2) Relocation or replacement of the pipeline in a way that substantially affects the information included in the response plan, such as a change to the worst case discharge volume.

Par Pacific's last Facilities Response Plan (FRP) submittal to PHMSA was in 2018. Since then, the company removed a section of pipeline without re-evaluating how the change would affect the worst case discharge (WCD). Additionally, the operator constructed and placed into service (2015), a larger breakout tank which has almost twice the capacity of the breakout tank volume used for WCD in that specific response zone (Mush Creek). Par Pacific failed to modify the FRP to address new or different operating condition(s) and submit, within 30 days, the changes to PHMSA, pursuant to §194.121(b)(1) and (b)(2).

7. §195.402 Procedural manual for operations, maintenance, and emergencies.

(a) . . .

(c) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(1) . . .

(12) Establishing and maintaining liaison with fire, police, and other appropriate public officials to learn the responsibility and resources of each government organization that may respond to a hazardous liquid or carbon dioxide pipeline emergency and acquaint the officials with the operator's ability in responding to a hazardous liquid or carbon dioxide pipeline emergency and means of communication.

Although Par Pacific was able to provide records of attending Local Emergency Planning Committee (LEPC) meetings during the PHMSA inspection, it could not demonstrate who their liaisons are or their capabilities to assist in the event of an emergency. Further, documentation of liaisons with public officials to acquaint them with Par Pacific's means of communication during a pipeline emergency could not be provided.

8. §195.403 Emergency response training.

(a) Each operator shall establish and conduct a training program to instruct emergency response personnel to:

- (1) Carry out the emergency procedures established under 195.402 that relate to their assignments;**
- (2) Know the characteristics and hazards of the hazardous liquids or carbon dioxide transported, including, in case of flammable HVL, flammability of mixtures with air, odorless vapors, and water reactions;**
- (3) Recognize conditions that are likely to cause emergencies, predict the consequences of facility malfunctions or failures and hazardous liquids or carbon dioxide spills, and take appropriate corrective action;**
- (4) Take steps necessary to control any accidental release of hazardous liquid or carbon dioxide and to minimize the potential for fire, explosion, toxicity, or environmental damage; and**
- (5) Learn the potential causes, types, sizes, and consequences of fire and the appropriate use of portable fire extinguishers and other on-site fire control equipment, involving, where feasible, a simulated pipeline emergency condition.**

While Par Pacific’s training program requires annual training (plan dated October 2019 – Training, Page 15 of 17) on several areas including Environmental Training, Emergency Plan Training, Rescue Plan, etc., the program’s training records are vague and inadequate. Further, personnel records for training could not be provided for multiple employees during calendar years 2016 through 2019. Additionally, no Rescue Plan training records could be provided for any personnel for calendar year 2016 through October 2019.

9. §195.404 Maps and records.

- (a) Each operator shall maintain current maps and records of its pipeline systems that include at least the following information:**
 - (1) Location and identification of the following pipeline facilities:**
 - (i) Breakout tanks;**
 - (ii) Pump stations;**
 - (iii) Scraper and sphere facilities**
 - (iv) Pipeline valves;**
 - (v) Facilities to which §195.402(c)(9) applies;**
 - (vi) Rights-of-way; and**
 - (vii) Safety devices to which §195.428 applies.**

While Par Pacific does have maps of their facilities, the maps are not current and fail to identify all the required identification, pursuant to §195.404(a)(1)(i)-(vii).

10. §195.432 Inspection of in-service breakout tanks.

- (a) . . .**
- (b) Each operator must inspect the physical integrity of in-service atmospheric and low-pressure steel aboveground breakout tanks according to API Std 653 (except section 6.4.3, *Alternative Internal Inspection Interval*) (incorporated by reference, *see* §195.3). However, if structural conditions prevent access to the tank bottom, its integrity may be assessed according to a plan included in the operations and**

maintenance manual under §195.402(c)(3). The risk-based internal inspection procedures in API Std 653, section 6.4.3 cannot be used to determine the internal inspection interval.

Par Pacific could not be provided in-service monthly inspection records¹ for:

- Tank 102 (December 2017)
- Tank 105 (May and December 2017)
- Tank 108 (December 2017)

11. §195.428 Overpressure safety devices and overfill protection systems.

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7 ½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

Par Pacific did not provide complete inspection records² for the following:

1. Mush Creek: MC-PT-401 (Missing 2017 inspection)
MC-PT-409 (Missing 2016 inspection)
PRV Tank 108 Outlet (Missing 2018 inspection)
2. Butte Junction:
MJ-PT-201 (2016 records failed to document “as found” and “as left” settings)
MJ-PT-401 (2016 records failed to document “as found” and “as left” settings)
3. Thunder Creek:
TC-PT-401 (2016 records failed to document “as found” and “as left” settings)

12. §195.405 Protection against ignitions and safe access/egress involving floating roofs.

(a) After October 2, 2000, protection provided against ignitions arising out of static electricity, lightning, and stray currents during operation and maintenance activities involving aboveground breakout tanks must be in accordance with API RP 2003 (incorporated by reference, see 195.3), unless the operator notes in the procedural manual (195.402(c)) why compliance with all or certain provisions of API RP 2003 is not necessary for the safety of a particular breakout tank.

(b) The hazards associated with access/egress onto floating roofs of in-service aboveground breakout tanks to perform inspection, service, maintenance, or repair activities (other than specified general considerations, specified routine tasks or entering tanks removed from service for cleaning) are addressed in API Pub 2026 (incorporated by reference, see §195.3). After October 2, 2000, the operator must

¹ See § 195.404(c)(3)(requiring operators to maintain a record of each inspection and test required by subpart F for at least two years or until the next inspection is performed, whichever is longer).

² *Id.*

review and consider the potentially hazardous conditions, safety practices, and procedures in API Pub 2026 for inclusion in the procedure manual (§195.402(c)).

During the inspection, Par Pacific could not produce any records or other substantiating evidence demonstrating compliance with the requirements set forth in § 195.405(a) and (b).

13. §195.420 Valve maintenance.

(a) Each operator shall maintain each valve that is necessary for the safe operation of its pipeline systems in good working order at all times.

(b) Each operator shall, at intervals not exceeding 7 ½ months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

Par Pacific failed to complete valve inspections for the following locations:

Clareton Line:

1. All mainline valve inspections were missed in the second part of 2016.
2. Mainline valve inspections exceeded the 7 ½ month interval from June 8, 2017, to January 24, 2018.

Thunder Creek Line:

1. All mainline valve inspections were missed in the second part of 2016.
2. Mainline valve inspections exceeded the 7 ½ month interval from June 8, 2017, to January 24, 2018.

14. §195.402 Procedural manual for operations, maintenance, and emergencies.

(a) General. 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 . . .

Par Pacific failed to follow their written procedures regarding patrolling. The procedure requires follow-up documentation when reportable observances are identified during a patrol. Multiple records were reviewed during the inspection that clearly indicated reportable observances, yet no follow-up documentation could be provided.

Further, Par Pacific failed to follow their written procedures regarding abnormal events. The records state either: “Long Term Actions Needed” or “Follow Up Actions Needed” associated with recordable abnormal events. However, no details or records were provided to demonstrate what these actions entailed pursuant to Par Pacific’s procedures. The records also failed to document what the abnormal event was (i.e., loss of communications, equipment/component failure, etc.).

15. §195.410 Line markers.

(a) Except as provided in paragraph (b) of this section, each operator shall place

and maintain line markers over each buried pipeline in accordance with the following:

(1) Markers must be located at each public road crossing, at each railroad crossing, and in sufficient number along the remainder of each buried line so that its location is accurately known.

Line markers were missing for most the pipeline. The only line markers that were observed during the field inspection were ones at the entrance and exit of pumping stations, road and railroad crossings, and valve stations, despite the requirement that they must also be “in sufficient number along the remainder of each buried line so that its location is accurately known.”

16. §195.204 Inspection-general.

Inspection must be provided to ensure that the installation of pipe or pipeline systems is in accordance with the requirements of this subpart. Any operator personnel used to perform the inspection must be trained and qualified in the phase of construction to be inspected. An operator must not use operator personnel to perform a required inspection if the operator personnel performed the construction task requiring inspection. Nothing in this section prohibits the operator from inspecting construction tasks with operator personnel who are involved in other construction tasks.

Par Pacific could not provide any documentation or substantiating evidence to demonstrate that welding inspectors were qualified and/or trained to perform welding inspections on repairs performed in 2017 and 2018.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022. For violations occurring prior to November 2, 2015, 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. 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 Par Pacific/Wyoming Pipeline 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 5-2020-6001W**. 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,

Dustin Hubbard
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 D. Fehling (#163167)