



U.S. Department
Of Transportation
Pipeline and
Hazardous Materials
Safety Administration

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WARNING LETTER

OVERNIGHT EXPRESS DELIVERY

July 24, 2015

Mr. John Roller
VP, Terminal Operations
NuStar Terminals Operations Partnership L.P.
19003 IH-10 West
San Antonio, TX 78257

CPF 1-2015-5012W

Dear Mr. Roller:

On November 18-20, 2014 a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected NuStar Terminals Operations Partnership L.P. pipeline facility at Andrews Air Force Base in Clinton, Maryland.

As a result of the inspection, it appears 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. § 195.402 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. 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.

Nustar failed to conduct a review of its manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies at intervals not exceeding 15 months, but at least once each calendar year.

During the inspection, the PHMSA inspector reviewed NuStar's Operations and Maintenance Manual, Section 701 Reviews, effective 5/1/08. Paragraph 3.1, Annual Procedural Manual Review for Operations, Maintenance and Emergencies, requires that the annual manual review be documented on Form 6301, Record for Manual Review. NuStar completed Form 6301 in 2013 and 2014, however, the interval between the reviews exceeded 15 months.

The records show that NuStar conducted a review for its Operations and Maintenance Manual on 3/8/2013 and 8/6/2014. The number of days between the reviews was 516, which exceeds the required interval of 15 months by approximately 65 days.

2. § 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. 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.

NuStar did not follow its written procedure for conducting normal operations and maintenance activities and handling abnormal operations. During the inspection, the PHMSA inspector reviewed NuStar's Operation and Maintenance Manual, 315 Valve Maintenance, Section 3.3 Mainline Valve Inspection, dated 3/22/09. The document states in part that "Field personnel will prepare Form 6101, *Valve Inspection Report*."

During the inspection, the PHMSA inspector reviewed valve inspection report records, Form 6101, from January, 2011 through July, 2013. The records show 16 instances where a remedial work order was required, but no work order was created, and 4 instances where the "Yes" / "No" boxes on the form for the remedial work order were left blank. As stated by NuStar during the inspection on 11/20/2014 and via email on 01/30/2015, NuStar terminal personnel inadvertently checked the "remedial work order" boxes on the main line valve inspection forms. Therefore, NuStar did not maintain accurate mainline valve records as required by its procedure.

3. § 195.420 Valve maintenance.

(b) Each operator shall, at intervals not exceeding 7 1/2 months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

NuStar failed to inspect its mainline valves at the Andrews Air Force Base Terminal location, at intervals not exceeding 7 1/2 months, but at least twice each calendar year to determine that they were functioning properly.

During the inspection, the PHMSA inspector reviewed valve inspection report records from January, 2011 through July, 2013. The records show that NuStar inspected each mainline valve on the following dates:

- a. 1/3/2011
- b. 7/14/2011
- c. 12/15/2011
- d. 7/13/2012
- e. 2/1/2013
- f. 7/30/2013

NuStar failed to inspect its mainline valves twice in 2012. During the inspection on 11/20/2014, NuStar stated that it did not conduct inspections at the appropriate intervals due to scheduling issues.

4. § 195.589 What corrosion control information do I have to maintain?

(c) You must maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist. You must retain these records for at least 5 years, except that records related to Secs. 195.569, 195.573(a) and (b), and 195.579(b)(3) and (c) must be retained for as long as the pipeline remains in service.

Nustar failed to maintain records of an annual cathodic protection survey to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist.

During the inspection, the PHMSA inspector reviewed Corrosion Field Survey Data and Tables records from 2012 through 2014. The records for 2012 and 2013 at the Andrews Air Force Base test station #22 – Suitland Parkway at Washington Gas location show “on” and “off” potential measurements were taken on the casing, however, there is no record of potential measurements taken on the line pipe.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$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 NuStar Terminal Operations Partnership L.P. 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 1-2015-5012W**. 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,

Byron Coy, P.E.
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration