



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

820 Bear Tavern Road, Suite 103
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609.989.2171

NOTICE OF AMENDMENT

OVERNIGHT EXPRESS DELIVERY

August 31, 2015

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

CPF 1-2015-5013M

Dear Mr. Roller:

From August 26 through August 28, 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. (NuStar) pipeline facility at Andrews Air Force Base in Clinton, Maryland.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within NuStar's plans or procedures, as described below:

1. § 195.402(c)(1)

(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) Making construction records, maps, and operating history available as necessary for safe operation and maintenance.

NuStar's written procedure, Operation and Maintenance (O&M) Manual "Section 309 Breakout Tanks" is inadequate in that it does not establish the retention requirements for Breakout Tank records in accordance with API Standard 653. During the inspection, the PHMSA inspector reviewed NuStar's procedure Operations and Maintenance Manual "Section 309 Breakout Tanks" – Revised December 30, 2011.

Section 4 - documentation and record retention of the NuStar procedure states in part that:

"NuStar maintains the following records for a minimum of 5 years plus the current inspection:

- API 653 External Inspection (5 Year Inspection)

NuStar maintains the following records for a minimum of 10 years (refer to 3.2.3.1 regarding the potential for a 20 year record retention) plus the current inspection.

- API 653 Internal Inspection”

Per API Standard 653 Section 6.9.1, “Each external inspection report and internal inspection report, along with inspector recommendations and documentation of disposition, shall be maintained by the owner/operator for the life of the tank.”

Thus, NuStar’s procedure does not establish the retention requirements for Breakout Tank records in accordance with API Standard 653.

2. § 195.402(c)(3)

(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:

(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.

NuStar’s written procedure in its Operation and Maintenance (O&M) Manual for overpressure safety devices, as specifically outlined in §195.428, are inadequate. The procedures do not provide sufficient guidance on how to conduct and document relief valve inspections.

Specifically, NuStar’s procedure “Section 316 Pressure and Unit Safety Devices, revised December 30, 2011” does not provide sufficient guidance on conducting and documenting relief valve inspections, such as:

1. What criteria are used to determine an acceptable “as-found” relief pressure.
2. What actions must be taken if the relief valve “as-found” pressure does not meet the criteria.
3. What are the definitions of the terms “set pressure” and “set point.”
4. What are the criteria for determining “pass” and “fail.”
5. What documentation is required and where it must be recorded, for example:
 - a. What information must be captured in the “pass” and “fail” columns of the relief valve test record.
 - b. Where are the “as-found” and “as-left” pressures recorded.

In addition, during subsequent follow-up discussions, NuStar discussed records related to “technician’s field notes.” NuStar’s procedure, however, has no mention of including “technician’s field notes” as an official form of record which documents relief valve inspection testing.

NuStar’s procedure requires checking that the relief valve capacity requirements have not changed when the set points are checked, but it does not provide details including who must do the check and how the check is performed and documented. Thus, NuStar’s procedure did not provide sufficient guidance on how to conduct and document relief valve inspections.

3. § 195.402(c)(3)

(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:

(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.

NuStar's written procedures in its Operation and Maintenance (O&M) Manual for Section 309 Breakout Tanks are inadequate. NuStar's O&M Section 309, Breakout Tanks, revised December 30, 2011, does not adequately address the requirements of API Standard 653 "Tank Inspection, Repair, Alteration and Reconstruction" (3rd Edition) Section 6, paragraphs 6.3.3 - Ultrasonic Thickness Inspection, Section 6.4 - Internal Inspection, and Section 6.9 - Reports, incorporated by reference in §195.3(b)(19).

Specifically, API Standard 653 Section 6 paragraph 6.3.3.1 states that "External, ultrasonic thickness measurements of the shell can be a means of determining a rate of uniform general corrosion while the tank is in service, and can provide an indication of the integrity of the shell. The extent of such measurements shall be determined by the owner/operator." NuStar's procedure, O&M Section 309 Breakout Tanks does not adequately discuss steps the Operator takes to measure the tanks' shell thickness, as well as how it determines the interval requirements for ultrasonic thickness inspections.

API Standard 653 paragraph 6.4.1.2 states that, "All tanks shall have a formal internal inspection conducted at the intervals defined by 6.4.2 or 6.4.3. The authorized inspector who is responsible for evaluation of a tank must conduct a visual inspection and assure the quality and completeness of the NDE results. If the internal inspection is required solely for the purpose of determining the condition and integrity of the tank bottom, the internal inspection may be accomplished with the tank in-service utilizing various ultrasonic robotic thickness measurement and other on stream inspection methods capable of assessing the thickness of the tank bottom, in combination with methods capable of assessing tank bottom integrity as described in 4.4.1. Electromagnetic methods may be used to supplement the on-stream ultrasonic inspection. If an in-service inspection is selected, the data and information collected shall be sufficient to evaluate the thickness, corrosion rate, and integrity of the tank bottom and establish the internal inspection interval, based on tank bottom thickness, corrosion rate, and integrity, utilizing the methods included in this standard. An individual, knowledgeable and experienced in relevant inspection methodologies, and the authorized inspector who is responsible for evaluation of a tank must assure the quality and completeness of the in-service NDE results."

NuStar's procedure, O&M Section 309 Breakout Tanks, failed to include guidance that details items such as:

1. How the quality and completeness of the NDE results are evaluated.
2. What methods are used to assess the thickness of the tank bottom.
3. How corrosion is evaluated on the tank bottom.

API 653 Section 6.9.3.2 states, "It is the responsibility of the owner/operator to review the inspection findings and recommendations, establish a repair scope, if needed, and determine the appropriate timing for repairs, monitoring, and/or maintenance activities."

NuStar's procedure does not provide adequate guidance which details how the Operator determines timing for repairs and establishes repair scopes for Breakout Tanks.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. 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). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 60 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that NuStar Terminals Operations Partnership L.P. maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Byron Coy, PE Director, Eastern Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 1-2015-5013M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Additionally, if you choose to respond to this (or any other case), please ensure that any response letter pertains solely to one CPF case number.

Sincerely,

Byron Coy, PE
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*