U.S. Department
of Transportation

**Pipeline and
Hazardous Materials
Safety Administration**

820 Bear Tavern Road, Suite 103
West Trenton, NJ 08628
609.771.7800

WARNING LETTER

OVERNIGHT EXPRESS DELIVERY

May 7, 2018

David Wortman
Vice President, Supply and Transportation
Kiantone Pipeline Corporation
c/o United Refining Company
814 Lexington Avenue
Warren, PA 16365

CPF 1-2018-5021W

Dear Mr. Wortman:

From June 26, 2017 to August 14, 2017, an inspector from the New York State Department of Public Service acting as an Agent for the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Kiantone Pipeline Corporation (Kiantone) West Seneca terminal in West Seneca, NY.

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 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.

Kiantone failed to follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. Specifically, Kiantone failed to follow its *Operations, Maintenance & Emergency Response Procedures Manual*, version 2012-0104, Section 15.1.6 (Bond Inspection Procedure), by failing to visually inspect bonds for damage during bond inspections.

During the inspection, the PHMSA inspector reviewed the Bond Inspection Procedure, which stated in part:

"Procedure 15.1.6 – Bond Inspection

Responsibility	*Action*
Corrosion Technician	*1. Record structure to soil potentials with current on and with current off.* *2. Record current flow through bond while noting direction of current flow.* *3. Visually inspect for damage such as loose connections or frayed wires and make any repairs required.* *4. Record location and date of inspection."*

The PHMSA inspector also reviewed February 24, 2017 Bond Inspection Records for Rectifiers #75, #78, #84, and #99. In a July 14, 2017 email response to various questions from the PHMSA inspector, Kiantone stated that when the inspections were performed "...the bond readings were obtained utilizing the Remote Monitoring Units during his medical leave." However, Bond Inspection Procedure's Action 3 can only be completed while physically at the location of the rectifier.

Therefore, Kiantone failed to follow its Bond Inspection Procedure, Action 3, by not visually inspecting 3 bonds for damage during its February 24, 2017 bond inspections.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed $209,002 per violation per day the violation persists, up to a maximum of $2,090,022 for a related series of violations. 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 Kiantone being subject to additional enforcement action.

Please 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).

No reply to this letter is required. If you choose to reply, please submit all correspondence in this matter to Robert Burrough, Director, PHMSA Eastern Region, 820 Bear Tavern Road, Suite 103, West Trenton, NJ 08628. Please refer to **CPF 1-2018-5021W** on each document you submit, and whenever possible provide a signed PDF copy in electronic format. Smaller files may be emailed to robert.burrough@dot.gov. Larger files should be sent on a CD accompanied by the original paper copy to the Eastern Region Office.

Sincerely,

Robert Burrough
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration