

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 8, 2011

Mr. N.C. Bowerman
Vice President of Operations
Hunt Crude Oil Supply Company
P.O. Box 211
Gilbertown, AL 36908

CPF 2-2011-5007W

Dear Mr. Bowerman:

On December 13-17, 2010, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) inspected the Hunt Crude Oil Supply Company (Hunt) pipeline system in Melvin, Alabama, pursuant to Chapter 601 of 49 United States Code.

As a result of the inspection, it appears that Hunt has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

1. **§ 195.406 Maximum operating pressure.**
 - (a) **Except for surge pressures and other variations from normal operations, no operator may operate a pipeline at a pressure that exceeds any of the following: (3) Eighty percent of the test pressure for any part of the pipeline which has been pressure tested under subpart E of this part.**

Hunt did not meet the regulation because the maximum operating pressure (MOP) it established on its pipeline system, 1286 psig, exceeded 80% of the lowest pressure recorded during the hydrostatic pressure test it used to determine the MOP.

Hunt's hydrostatic pressure test records indicated that the lowest recorded pressure was 1593 psig and that the highest recorded pressure was 1607 psig. Hunt established its MOP as 80% of the highest pressure, not 80% of the lowest pressure, as required by the regulations. This resulted in the MOP being established as 1286 psig; 12 psig above the proper value of 1274 psig.

It should be noted that the normal safe operating pressure of the Hunt pipeline is around 900 psig, which is the maximum pressure that can be applied to the pipeline due to the configuration of the pumping equipment. There was no indication in the records that Hunt had ever approached or exceeded the MOP of its pipeline.

2. § 195.573 What must I do to monitor external corrosion control?

... (d) Breakout tanks. You must inspect each cathodic protection system used to control corrosion on the bottom of an aboveground breakout tank to ensure that operation and maintenance of the system are in accordance with API Recommended Practice 651. However, this inspection is not required if you note in the corrosion control procedures established under § 195.402(c)(3) why compliance with all or certain operation and maintenance provisions of API Recommended Practice 651 is not necessary for the safety of the tank.

Hunt did not take structure-to-soil cathodic protection readings on the two 80,000 bbl. aboveground breakout tanks located at Melvin Station. Hunt's last recorded cathodic protection inspection of these breakout tanks was in 2002. API Recommended Practice 651 recommends that these surveys be done annually.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any 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 items identified in this letter. Failure to do so will result in Hunt Crude Oil Supply 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 2-2011-5007W**. 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,

Wayne T. Lemoi
Director, Office of Pipeline Safety
PHMSA Southern Region