



Tesoro High Plains Pipeline Company LLC
19100 Ridgewood Parkway
San Antonio, Texas 78259

UPS NEXT DAY AIR 1Z 772 408 25 9769 4831

January 25, 2013

Mr. David Barrett
Director, Central Region
PHMSA, Office of Pipeline Safety
901 Locust Street, Suite 462
Kansas City, Missouri 64106-2641

RECEIVED JAN 28 2013

RE: CPF 3-2012-5028

Dear Mr. Barrett:

Tesoro High Plains Pipeline Company LLC (Tesoro) received your letter dated December 27, 2012 regarding a Notice of Probable Violation (NOPV) and Proposed Compliance Order (PCO) resulting from a Pipeline and Hazardous Materials Safety Administration (PHMSA) 2010 inspection of Tesoro records and field activities in North Dakota. Tesoro is providing the following written explanations, information and other materials in response to the proposed violations alleged in the NOPV and to the terms of the PCO.

In accordance with Title 49 Code of Federal Regulations (CFR) §190.209 [Response Options], Tesoro's response to the probable violations of the Pipeline Safety Regulations, Title 49 Code of Federal Regulations, identified in the NOPV is as follows:

1. §195.436 Security of facilities.

Each operator shall provide protection for each pumping station and breakout tank area and other exposed facility (such as scraper traps) from vandalism and unauthorized entry.

Tesoro did not provide adequate protection for each pumping station and breakout tank area from vandalism and unauthorized entry.

The Black Slough Pump Station and Black Slough Breakout Tank area were enclosed by a 2 to 3 strand barbed wire fence approximately 4' tall. The Tioga Pump station was enclosed by a 4 strand barbed wire fence approximately 4' tall, and the breakout tank area had no type of fence. While the Poker Jim Breakout Tank area had an adequate security fence, it had an open entrance approximately 31 feet wide without a gate for security.

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Tesoro's Response:

Tesoro recognizes the need for providing adequate protection from vandalism and unauthorized entry for the above referenced facilities. In regards to Item #1 of the PCO, Tesoro agrees to complete the stated remedial activities. However, due to previously planned construction to occur in 2013, Tesoro requests the schedule for completion of installation of security measures for the Tioga Pump Station and Breakout Tank Area be extended to the end of 2013. During construction, Tesoro will ensure that adequate temporary security measures will be in place until final security measures are installed in accordance with the PCO.

2. §195.579 What must I do to mitigate internal corrosion?

(a) General. If you transport any hazardous liquid or carbon dioxide that would corrode the pipeline, you must investigate the corrosive effect of the hazardous liquid or carbon dioxide on the pipeline and take adequate steps to mitigate internal corrosion.

Tesoro could not provide records to indicate that an investigation of the corrosive effect of their crude oil on the pipe had been completed.

PHMSA reviewed Kiefner Associates, Inc.'s Tesoro Span Evaluations Report dated March 4, 2011 and discovered a record from the 2007 Tuboscope ILI run which indicated an anomaly due to internal corrosion. Due to the severity of this internal corrosion of the anomaly at 142366.5, a sleeve was installed. Tesoro failed to provide documentation of any corrosive effect investigation and adequate steps taken to mitigate internal corrosion on their pipeline.

Tesoro's Response:

Tesoro recognizes that records of an investigation were not available at the time of the PHMSA inspection. Tesoro had previously identified the potential for internal corrosion in this pipeline and actively engaged in internal corrosion mitigation efforts, including implementation of a bi-weekly internal cleaning program.

Furthermore, Tesoro believes that periodic examination and analysis of the pipeline conditions and corrosive effects of the transported products is an important part of an internal corrosion mitigation program. In regards to Item #2 of the PCO, Tesoro agrees to complete the stated remedial activities.



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Correction of Allegations:

This response is intended to further correct inaccuracies stated in Item #2 of the NOPV. Specifically, PHMSA incorrectly alleges that Kiefner & Associates Inc.'s *Tesoro Span Evaluations Report* identified (from a 2007 Tuboscope® in-line inspection (ILI) record) an internal corrosion anomaly of such severity that Tesoro was required to repair the pipeline with a sleeve.

As demonstrated in the attached documentation (See Exhibit A), the repair sleeve was not installed in response to this anomaly, but rather was installed in the 1970's, prior to the first ILI run on this pipeline. Specifically, the excerpt from the referenced Kiefner report shows the location of the anomaly to be at 142366.5' and the location of the beginning and end of the repair sleeve to be at 142370.3' and 142395.4', respectively. Thus, the anomaly was located approximately 4 feet outside of the repair sleeve. Additionally, the size and severity of the internal anomaly did not meet established criteria for being repaired; rather, Tesoro has chosen to monitor this anomaly.

Regarding the NOPV and PCO, Tesoro requests that the modifications and corrections, as described above, be made before the PCO is finalized.

Tesoro is committed to the safe operation and integrity management of its pipeline assets. If you have any questions regarding this response or would like to discuss further, please do not hesitate to contact me at 210.626.6343 or aaron.w.martinez@tsocorp.com.

Sincerely,

Aaron W. Martinez
Manager, DOT Compliance and Risk
Tesoro Logistics GP, LLC

Enclosure: Exhibit A- excerpt from *Tesoro Spans Evaluation Report*

cc: Mr. Rick D. Weyen, Vice President, Tesoro Logistics GP, LLC



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EXHIBIT A
KIEFNER & ASSOCIATES, INC.
TESORO'S SPAN EVALUATION REPORT
EXCERPT FROM APPENDIX A (PAGE 1 OF 14)

RE: CPF 3-2012-5028

Span 1

10/20/10
 1411
 1414

07 Tuboscope

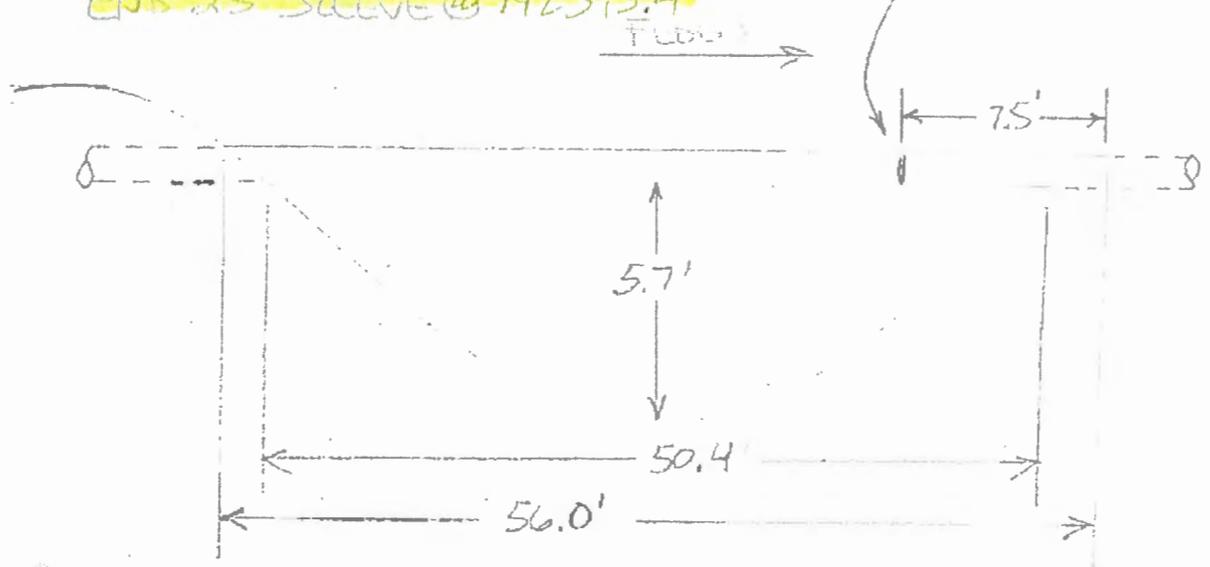
Location:	Approximate Station	Tool Joint	Inst. Location
W/S	3234+46	142311.6'	3234+20
D/S	3233+93	142387.9'	
M/P			61.25
GPS			
LAT.			47.25913°
LONG.			02.0219°

142370.5'
 (dkn 2/11/11)

TOOL JOINT IDENTIFIERS

- WELD @ 142353.5'
- ANOMALY @ 142366.5' (INTERNAL W/L 27° TO DEPTH, 1.2" L x 2.0" WIDE AT 6:35)
- START 25' SLEEVE @ 142370.3'
- WELD @ 142377.5'
- END 25' SLEEVE @ 142395.4'

FIELD IDENTIFIED WELD



COMMENTS:

- ONLY FIELD IDENTIFIED WELD IS PROBABLY THE D/S WELD ON THE 25' SLEEVE
- EVIDENCE OF HIGH WATER FLOW UNDER THE SPAN