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Mr. David Barrett
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Central Region
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Pipeline and Hazardous Materials Safety Administration
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Via UPS Delivery
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**RE: Request for Hearing
Explorer Pipeline Company – NOPV - CPF No. 3-2013-5009**

Explorer Pipeline Company (“Explorer”) is requesting a hearing (without Counsel present) to contest Notice of Probable Violation (NOPV) CPF No. 3-2013-5009.

The basis for the hearing is to allow Explorer to appeal item number 3 in the NOPV on the following grounds:

1. There are no deficiencies with the cathodic protection system on the Rolla to Weldon Spring line section as noted in the NOPV;
2. Request a retraction in the Final Order to PHMSA’s incorrect comment that Explorer was unaware of “deficiencies” until documentation was requested by PHMSA; and
3. Clarify that item 3 in the CPF No. 3-2009-5018 is not a deficiency and not redundant with CPF No. 3-2013-5009.

Explorer does not contest Item numbers 1, 2, and 4, but is providing the following information.

Notice of Probable Violation Finding Number 1:

§195.583 What must I do to monitor atmospheric corrosion control?

(a) You must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:

If the pipeline is located:	Then the frequency of inspection is:
Onshore	At least once every 3 calendar years, but with intervals not exceeding 39 months.
Offshore	At least once each calendar year, but with intervals not exceeding 15 months.

(b) During inspections you must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.

(c) If you find atmospheric corrosion during an inspection, you must provide protection against the corrosion as required by §195.581.

Pipeline and Hazardous Materials Safety Administration Comment(s) to NOPV 1:

Explorer did not maintain and upon request was unable to provide the atmospheric corrosion monitoring documentation for those inspections required, pursuant to §195.583. Specifically, Explorer did not maintain and was unable to provide records documenting its inspection or the Premcor Junction, Marathon 12-Inch Junction, J.D. Street, and Sun Mobil locations during the 2007 through 2010 inspection cycle.

Explorer Pipeline Response to Notice of Probable Violation Number 1:

Explorer does not contest the assessed civil penalty of \$17,600.

Below is an executive summary of changes made to address recordkeeping issues associated with this issue. These changes are part of our continually improving integrity program facilitating additional data integration.

A detailed review for the missing 3-year atmospheric inspection reports for Premcor Junction, Marathon 12-Inch Junction, J.D. Street, and Sun Mobil was conducted for the 2007 to 2010 atmospheric inspection cycle. However, despite extensive research, the inspection reports were not located.

As part of its enterprise-wide records management program, Explorer's corrosion records management has undergone a change to employ a uniform, traceable process to inventory when and where atmospheric inspections are required. This process uses several key facets of the integrity management program to catalog and manage projects relating to corrosion management.

In addition, Explorer went through a system wide corrosion data conversion project to change platforms into a more widely used industry standard software system. During this conversion process, Explorer scanned and catalogued physical records relating to atmospheric inspections. This work enabled Explorer to centralize records in a single inventory report with the ability to view and maintain chronological inspection records with checks and balances.

This inventory list catalogues above ground pipe types into the following classifications:

- Above ground facilities – above ground piping and equipment housed within a secured station or site
- Spans – piping and equipment originally constructed to be in an above ground environment
- Exposures – piping and equipment originally constructed underground currently present in an above ground environment

All three of these "in situ" types fall under our operations and maintenance procedures to be assessed at a minimum every three years for atmospheric suitability.

Notice of Probable Violation Finding Number 2:

§195.569 Do I have to examine exposed portions of buried pipelines?

Whenever you have knowledge that any portion of a buried pipeline is exposed, you must examine the exposed portion for evidence of external corrosion if the pipe is bare, or if the coating is deteriorated. If you find external corrosion requiring corrective action under § 195.585, you must investigate circumferentially and longitudinally beyond the exposed portion (by visual examination, indirect method, or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the exposed portion.

Pipeline and Hazardous Materials Safety Administration Comment(s) to NOPV 2:

Explorer did not perform an inspection of exposed buried pipeline in a creek bed that was documented by a contractor in a close interval survey (CIS) report dated June 4, 2008.

Explorer Pipeline Response to Notice of Probable Violation Number 2:

Explorer does not contest the assessed civil penalty of \$22,500.

Explorer has created a workflow for ongoing communications between Right-of-Way Management and Area Office personnel. This workflow will allow the reporting and inspection of exposures on the system and alert Corrosion Control personnel that atmospheric inspections need to be performed. Explorer has fortified this workflow with a strategic organizational change. This organizational change allows an additional check-and-balance process to occur between Corrosion Control and Right-of-Way on the integrity management team.

Notice of Probable Violation Finding Number 3:

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

(e) *Corrective action.* You must correct any identified deficiency in corrosion control as required by §195.401(b). However, if the deficiency involves a pipeline in an integrity management program under §195.452, you must correct the deficiency as required by §195.452(h).

§195.401 General requirements.

(b) An operator must make repairs on its pipeline system according to the following requirements:

(1) *Non Integrity management repairs.* Whenever an operator discovers any condition that could adversely affect the safe operation of its pipeline system, it must correct the condition within a reasonable time. However, if the condition is of such a nature that it presents an immediate hazard to persons or property, the operator may not operate the affected part of the system until it has corrected the unsafe condition.

(2) *Integrity management repairs.* When an operator discovers a condition on a pipeline covered under §195.452, the operator must correct the condition as prescribed in §195.452(h).

§195.452 Pipeline integrity management in high consequence areas.

(h) *What actions must an operator take to address integrity issues?*

(1) *General requirements.* An operator must take prompt action to address all anomalous conditions the operator discovers through the integrity assessment or information analysis. In addressing all conditions, an operator must evaluate all anomalous conditions and remediate those that could reduce a pipeline's integrity. An operator must be able to demonstrate that the remediation of the condition will ensure the condition is unlikely to pose a threat to the long-term integrity of the pipeline. An operator must comply with §195.422 when making a repair.

Pipeline and Hazardous Materials Safety Administration Comment(s) to NOPV 3:

Explorer did not correct deficiencies identified from the close interval survey (CIS) performed in 2008 on the Rolla to Gerald and Gerald to Weldon Springs line sections. Central Region PHMSA inspectors requested documentation of performance for the correction of the deficiencies identified in reports resulting from multiple close interval surveys conducted in 2008. Explorer Pipeline personnel were unaware of corrosion control deficiencies until documentation of performance was requested by PHMSA inspectors.

A probable violation that cites the same conduct as the finding of violation in a Final Order for the referenced case is considered a repeat offense. This probable violation is a repeat violation of Item 2, CPF No. 3-2009-5018.

Explorer Pipeline Response to Notice of Probable Violation Number 3:

Explorer is requesting item 3 be withdrawn along with the reference to a repeat violation and the assessed civil penalty of \$51,800. If not withdrawn we will proceed with the above-requested hearing.

Explorer disagrees with PHMSA's assessment that it was unaware of corrosion control deficiencies until documentation of performance was requested by the PHMSA inspectors. Explorer additionally disagrees with PHMSA's assessment that deficiencies were present with its cathodic protection system.

It was Explorer's understanding that the explanation to the 2008 CIS were satisfactory during the 2011 audit. In addition, during the post-closing meeting in St. Louis, MO, no requests were made for data to support the methodologies used with the 2008 CIS evaluation. In PHMSA's December 1, 2011 email "RE: Request for information to Explorer" PHMSA requested no follow-up documentation for the 2008 CIS review, but requested follow-up data for the other 3 items for the NOPV to further support our understanding.

Explorer informed PHMSA of recent staffing changes within the Asset Integrity group. As discussed during the audit, these new personnel were still in the process of

reviewing current and historical data and were not immediately familiar with all comprehensive historical data, including the 2008 CIS that had been conducted 3-years prior. As stated during the audit, Explorer can show additional supporting data demonstrating cathodic protection survey results well within NACE criteria.

All the 2008, 2009, 2010, 2011, and 2012 annual survey points from Rolla to Weldon Spring are above a NACE criteria of 850 millivolts. In addition, all the 2008 "on-potentials" for Rolla to Weldon Spring in the CIS are above a NACE criteria of 850 millivolts.

NACE SP0169-2007 indicates voltage drops must be considered for valid interpretation of this voltage measurement:

NACE SP0169-2007

6.2.2.1.1 A negative (cathodic) potential of at least 850 mV with the cathodic protection applied. This potential is measured with respect to a saturated copper/copper sulfate reference electrode contacting the electrolyte. *Voltage drops other than those across the structure-to-electrolyte boundary must be considered for valid interpretation of this voltage measurement.*

However, NACE SP0169-2007 also indicates the application of sound engineering practices in determining the significance of voltage drops by methods such as:

- 6.2.2.1.1.1 Measuring or calculating the voltage drop(s);
- 6.2.2.1.1.2 Reviewing the historical performance of the cathodic protection system;
- 6.2.2.1.1.3 Evaluating the physical and electrical characteristics of the pipe and its environment; and
- 6.2.2.1.1.4 Determining whether or not there is physical evidence of corrosion.
- 6.2.2.1.2 A negative polarized potential (see definition in Section 2) of at least 850 mV relative to a saturated copper/copper sulfate reference electrode.
- 6.2.2.1.3 A minimum of 100 mV of cathodic polarization between the structure surface and a stable reference electrode contacting the electrolyte. The formation or decay of polarization can be measured to satisfy this criterion.

Explorer procedures also indicate the following sound engineering practices:

To enhance this standard practice, another method Explorer uses to achieve Soil IR Drop free readings is anytime the pipeline is exposed for any reason, a potential measurement is obtained at the ground surface and at the pipeline itself. This data is recorded on Explorer's Exposed Pipe Inspection Report.

Explorer uses the above mentioned methods to consider IR Drop as well as the insertion of "off" readings, depolarization survey readings, and native readings into the

new corrosion software system. Annual survey data is compared to these readings to insure a minimum polarization of 100 millivolts.

Comprehensive information on the output levels of all impressed current rectifiers along with other corrosion control records are integrated with other relevant operational data and analyzed for the purpose of determining the adequacy of the cathodic protection on the pipelines.

Based on an extrapolation analysis of this data, procedures and NACE SP0169-2007, Explorer concluded that it satisfied the cathodic protection requirements.

- The annual 2008 pipe to soil survey was conducted and those readings of potentials > 850 millivolts are noted below. The 2008 annual survey was conducted following the 2008 CIS,
- A historical review of the cathodic protection records were conducted and evaluated,
- Dig reports on the 24-inch system between Rolla and Gerald were conducted and evaluated,
- Potential measurements at the ground surface and at the pipeline itself via Exposed Pipe Inspection Report were conducted and evaluated,
- 2007 ILI data on the 24-inch system was evaluated, and
- Depolarization survey on the annual survey and native readings were evaluated.

In CPF No. 5-2003-5006 PHMSA concluded that ExxonMobil utilized similar methodologies and withdrew the allegation of violation.

2008 CIS - Rolla to Gerald

Station Number	Mile Post	On-Potential mV	Instant Off mV	Depol or Native	100 mV Polarization
15365+02	291.00	.877	.811	.5	>100
16087+00	304.68	1.113	.846	.67	>100
16091+00	304.75	1.046	.851 *	.65	>100
16093+00	304.79	1.005	.857 *	.66	>100

NOTE: Instant off for MP 304.75 and MP 304.79 not below .850mV.

2008 CIS - Gerald to Weldon Spring

Station Number	Mile Post	On-Potential mV	Instant Off mV	Depol or Native	100 mV Polarization
16940+35	320.84	.925	.765	.48	>100
17816+07 to 17883+34	337.43 to 338.79	1.935	.847	.16	>100
17899+37 to 17904+00	339.00 to 339.09	1.653	.845	.28	>100
17916+42 to	339.33 to 339.72	1.643	.786	.28	>100

17937+14					
17996+00 to 17999+37	340.83 to 340.90	1.574	.822	.48	>100
18079+00	342.41	1.698	.869	.76	>100

NOTE: Instant off for MP 342.41 not below .850mV.

Annual Pipe to Soil Survey - Rolla to Gerald

Station Number	Mile Post	2008 mV	2009 mV	2010 mV	2011 mV	2012 mV
15355.38	290.82	1.205	1.185	1.16	1.211	1.092
16089+06	304.72	1.023	1.05	1.043	.9946	1.19
16091+00	304.75	.870	.911	.907	.91	.978
16101+04	304.94	.856	.926	1.052	1.105	.969

NOTE: Closest Test Stations were utilized for the CP reading in relations to the CIS.

Annual Pipe to Soil Survey - Gerald to Weldon Spring

Station Number	Mile Post	2008 mV	2009 mV	2010 mV	2011 mV	2012 mV
16955+04	321.11	1.301	1.305	1.441	1.0324	1.311
17823+38	337.56	1.919	1.782	1.535	1.717	1.649
17852+99	338.12	1.848	1.725	1.418	1.624	1.580
17866+45	338.38	1.515	1.426	1.463	1.326	1.430
17941+87	339.80	1.761	1.551	1.448	1.553	1.512
17941+87	339.80	1.761	1.551	1.448	1.553	1.512
17979+00	340.51	1.802	1.573	1.373	1.524	1.510
18096+58	342.73	2.21	1.604	1.674	1.476	1.513

NOTE: Closest Test Stations were utilized for the CP reading in relations to the CIS.

The reference to a *repeat* violation of CPF No. 3-2009-5018 is a reference to two (2) 1,362-foot station delivery lines to a third-party products terminal. The annual survey for these two delivery lines were below 850 millivolts, but was corrected in 2009. Explorer had classified these station delivery lines as low-stress segments excepted under 49 CFR §195.1(b)(4) and historically and consistently reported them as such in our annual reports to PHMSA.

Explorer submitted a detailed summary of the exception in 49 CFR §195.1(b)(4) against the delivery lines to PHMSA, including guidance from PHMSA to support our position the delivery pipelines satisfied the exception. However, PHMSA's position to Explorer was the PHMSA guidance material was instructions only to complete an OPS form, and not binding regulation. However, in CPF No. 3-2011-5005 PHMSA referenced PHMSA guidance material and not regulations to uphold a new position with guidance material in Jeff Wiese's Decision for a Petition for Reconsideration to NuStar.

Explorer appealed CPF No. 3-2009-5018 through to a Petition for Reconsideration that was not issued as a Decision from PHMSA until January 25, 2012.

Notice of Probable Violation Finding Number 4:

§195.264 Impoundment, protection against entry, normal/emergency venting or pressure/vacuum relief for aboveground breakout tanks.

(a) A means must be provided for containing hazardous liquids in the event of spillage or failure of an aboveground breakout tank.

Pipeline and Hazardous Materials Safety Administration Comment(s) to NOPV 4:

Explorer did not provide a means for containing hazardous liquids in the event of spillage or failure of one above ground breakout tank. PHMSA inspectors observed the construction configuration of the tank at Gerald pump station and requested documentation supporting the authorization of operating under the current configuration. Explorer did not provide documentation.

Explorer provided the following written statement in response to a request from PHMSA's Central Region, "The 470-barrel tanks at Gerald and Lebanon Pump Station are associated with the original 1970-1971 construction of the pipeline system." In addition, the response stated that "... the product in the tanks can re-inject into the pipeline."

Explorer Pipeline Response to Notice of Probable Violation Number 4:

The written statement referenced in the NOPV was provided on January 13, 2012 and further indicated Explorer's position and understanding and indicated the following:

"All the tanks associated with breakout tank farms, such as Wood River, are diked. However, these original 1970-1971 pump station tanks were not diked due to the interpretational understanding at the time and their function as above ground sumps. These pump station tanks have not been modified since 1970-1971 and are only used for maintenance and are not standard working breakout tanks. In 1981 the Department of Transportation issued a Final Rule under Docket PS-70 that defined the term breakout tank and incorporated the term into 49 CFR §195. The statutory authority over the tanks was additionally clarified. In addition, in 1999 the DOT issued a Final Rule under document RSPA-97-2095 that incorporated NFPA 30. We agree that the tanks in question are breakout tanks under the jurisdiction of PHMSA. A project was initiated by our Engineering Department to address the best method of containment."

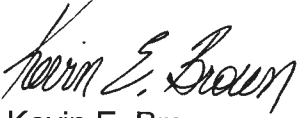
Explorer is currently working to install dikes and will submit its plan to PHMSA.

Please advise of potential dates for the hearing and PHMSA attendees.

If there is a Pipeline Safety Violation Report for this matter please forward a copy of this to me.

If you have any questions, please contact me at (918) 493-5104.

Sincerely,



Kevin E. Brown

CC:

Craig Curtis, Vice President & General Counsel, Tulsa
Jensen Tom, Vice President & COO, Tulsa
Konell Jeremiah, Director Asset Integrity, Tulsa
Sieck Jim, Director HSSE/Engineering, Tulsa
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