

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 27, 2017

Mr. Larry Wall, COO Gas Infrastructure
USG Wheatland Pipeline, LLC
601 Travis Street
Houston, TX 77002

CPF 3-2017-6006W

Dear Mr. Wall:

On May 10-12, 2016, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your USG Wheatland Pipeline, LLC records and assets in Williston, North Dakota.

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. The items inspected and the probable violation(s) are:

1. §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.

(b) After October 2, 2000, compliance with paragraph (a) of this section requires the following for the aboveground breakout tanks specified:

(1) For tanks built to API Spec 12F, API Std 620, and others (such as API Std 650 (or its predecessor Standard 12C)), the installation of impoundment must be in accordance with the following sections of NFPA-30 (incorporated by reference, see § 195.3);

(i) Impoundment around a breakout tank must be installed in accordance with section 22.11.2;

22.11.2 Impounding Around Tanks by Open Diking. Where control of spills is provided by means of impounding by open diking around the tanks, such systems shall meet the requirements of 22.11.2.1 through 22.11.2.8.

22.11.2.1 A slope of not less than 1 percent away from the tank shall be provided for at least 50 ft (15 m) or to the dike base, whichever is less.

The slope away from Wheatland's breakout tanks did not meet the 1 % slope requirement within the innermost containment system based on inclinometer measurements taken by the inspector and later confirmed by an operator survey. This slope issue were mitigated as of December 7, 2016.

2. §195.420 Valve maintenance.

- (a) Each operator shall maintain each valve that is necessary for the safe operation of its pipeline systems in good working order at all times.**
- (b) Each operator shall, at intervals not exceeding 7 1/2 months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.**

Wheatland did not inspect two critical safety valves as required in 2015. Wheatland did not inspect the critical safety valves at POB and POE after they began operation in late 2015.

3. §195.440 Public awareness

- (g) The program must be conducted in English and in other languages commonly understood by a significant number and concentration of the non-English speaking population in the operator's area.**

§195.402 Procedural manual for operations, maintenance, and emergencies.

Although Wheatland verbally stated that all residents within the buffer zone spoke English, no record was provided to that effect and no scientific survey or other means had been completed to confirm this.

4. §195.440 Public awareness

- (a) The operator must follow the general program recommendations, including baseline and supplemental requirements of API RP 1162, unless the operator provides justification in its program or procedural manual as to why compliance with all or certain provisions of the recommended practice is not practicable and not necessary for safety.**

§195.402 Procedural manual for operations, maintenance, and emergencies

- (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:**

- (12) Establishing and maintaining liaison with fire, police, and other appropriate public officials to learn the responsibility and resources of each government organization that may respond to a hazardous liquid or pipeline emergency and acquaint the officials with the operator's ability in responding to a hazardous liquid or carbon dioxide pipeline emergency and means of communication.**

Wheatland did not establish and maintain liaison with fire, police and other appropriate public officials to learn the responsibility and resources of each government organization that may respond to a hazardous liquid pipeline emergency. Per an operator email, no historical records were available to demonstrate that liaison activities had been conducted.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$205,638 per violation per day the violation persists up to a maximum of \$2,056,380 for a related series of violations. For violation occurring between January 4, 2012 to August 1, 2016, 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. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 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 USG Wheatland Pipeline, LLC 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 3-2017-6006W**. 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,

Allan C. Beshore
Director, Central Region, OPS
Pipeline and Hazardous Materials Safety Administration