



Mr. Allan Beshore
Director, Central Region, OPS
Pipeline and Hazardous Materials Safety Administration
901 Locust Street, Suite 462
Kansas City, Missouri 64106-2641

October 13, 2017

6007
CPF 3-2017-6009M

Mr. Beshore:

Please find included Dakota Midstream response to the Notice of Probable Violation and Proposed Compliance Order that we received concerning our pipeline located near Alexandria, North Dakota.

1. §195.565 How do I install cathodic protection on breakout tanks?

After October 2, 2000, when you install cathodic protection under §195.563(a) to protect the bottom of an aboveground breakout tank of more than 500 barrels 79.49m³ capacity built to API Spec 12F (incorporated by reference, see §195.3), API Std 620 (incorporated by reference, see §195.3), API Std 650 (incorporated by reference, see §195.3), or API Std 650's predecessor, Standard 12C, you must install the system in accordance with ANSI/ API RP 651 (incorporated by reference, see §195.3). However, you don't need to comply with ANSI/API RP 651 when installing any tank for which you note in the corrosion control procedures established under §195.402(c)(3) why complying with all or certain provisions of ANSI/API RP 651 is not necessary for the safety of the tank.

On eleven (11) breakout tanks, Dakota Midstream did not install cathodic protection (CP) per ANSI/AP! RP 651 - Cathodic Protection of Aboveground Petroleum Storage Tanks. Per §195.563(a) the nine (9) breakout tanks located at Spackler Station and the two (2) located at Wheatland Delivery require cathodic protection. These breakout tanks were built to API Specification 12F and placed above a non-conductive impermeable liner without cathodic protection installed between the liner and the tank bottom as specified in ANSI/ API RP 651. Onsite testing demonstrated that effective cathodic protection was not provided for these breakout tanks because Dakota Midstream did not install a CP system in conformance with the regulation, which is necessary for the safety of the tanks.

PROPOSED COMPLIANCE ORDER

Pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Dakota Midstream a Compliance Order incorporating the following remedial requirements to ensure the compliance of Dakota Midstream with the pipeline safety regulations:

In regard to Item Number 1 of the Notice pertaining to CP for breakout tanks, Dakota Midstream shall install CP for the storage tanks at the Spackler Station and Wheatland Station. A plan to address this safety issue shall be provided within 30 days of the Final Order and CP installation completed within 1 year.

Dakota Midstream issued a PO on August 17, 2017 to install cathodic protection for the breakout tanks at both the Spackler and Wheatland Stations. This work will commence on October 30, 2017 and will be complete by November 10, 2017 unless inclement weather delays the project. But by no means will the installation not be complete within the 1 year deadline.

2. **§195.579 What must I do to mitigate internal corrosion?**
- 3.

(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.

Dakota Midstream transports crude oil that could corrode the pipeline, but did not take adequate steps to mitigate internal corrosion; including, installation of internal linings on eleven (11) breakout tanks. These breakout tanks were built to API Specification 12F, and nine (9) were located at Spackler Station and two (2) located at Wheatland Delivery. Therefore, to mitigate internal corrosion, interior tank bottom linings per API RP 652 - Linings of Aboveground Petroleum Storage Tank Bottoms [incorporated by reference, see §195.579(d)], were required to be installed when in crude oil service.

PROPOSED COMPLIANCE ORDER

Pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Dakota Midstream a Compliance Order incorporating the following remedial requirements to ensure the compliance of Dakota Midstream with the pipeline safety regulations:

2. In regard to Item Number 2 of the Notice pertaining to installation of breakout storage tanks without internal liners, Dakota Midstream shall install internal liners for the storage tanks at the Spackler Station and Wheatland Station. A corrective action plan to address this safety issue, including a proposed timeline, shall be provided within 30 days of the Final Order.

Dakota Midstream removed tanks 9005, 9010 at Spackler and tank 9924 at Wheatland from service and had an API 653 inspection performed by a 3rd party tank inspection company on October 11, 2017. The inspection did not find any indications of abnormal corrosion. Once Dakota Midstream receives the inspection reports, a tank inspection schedule will be developed based off of API 653 internal tank recommendations. While these tanks are out of service, an internal liner will be installed per API RP 652.

Dakota Midstream will remove 2 more tanks from service, inspect and install an internal liner before the end of 2017. Starting in the Spring of 2018 Dakota proposes to take the remaining tanks out of service, inspect and install an internal liner with work being completed by September 1, 2018.

PROPOSED COMPLIANCE ORDER

Pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Dakota Midstream a Compliance Order incorporating the following remedial requirements to ensure the compliance of Dakota Midstream with the pipeline safety regulations:

3. It is requested (not mandated) that Dakota Gasification maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Allan C. Beshore, Director, Central Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.

Dakota Midstream will continue to tack the cost associated with fulfillment of this compliance order. Once all work is complete that cost will be provided to Mr. Beshore.

Please feel free to contact me if you need further information. I am sending this both by certified mail as well as email to provide the electronic format request.

Regards,



David Graham
Project Manager
Dakota Midstream
For Heath Norman