

October 30, 2018

Mr. William Pate
President and Chief Executive Officer
Par Pacific Holdings, Inc. (d/b/a Ellsjet Terminal Operations)
One Memorial Plaza
800 Gessner Road, Suite 875
Houston, TX 77024

Re: CPF No. 3-2018-6004

Dear Mr. Pate:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and assesses a civil penalty of \$293,600. This is to acknowledge receipt of payment of the full penalty amount, by wire transfer, dated June 12, 2018. When the terms of the compliance order have been completed, as determined by the Director, Central Region, this enforcement action will be closed. Service of the Final Order by certified mail is effective upon the date of mailing as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Alan C. Beshore, Director, Central Region, Office of Pipeline Safety, PHMSA
Mr. Barry McFarland, Vice President – Environmental, Health, Safety, and Operational Risk, Par Pacific Holdings, Inc. (d/b/a Ellsjet Terminal)
Mr. Mathew P. Ellman, Logistics Manager, Ellsjet Terminal Operations, 10 Stampede St., Newcastle, WY, 82701

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

)	
In the Matter of)	
)	
Par Pacific Holdings, Inc.,)	CPF No. 3-2018-6004
formerly Wyoming Refining Company,)	
)	
Respondent.)	
)	

FINAL ORDER

From November 9 through November 10, 2015, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of Par Pacific Holdings, LLC, d/b/a Ellsjet Terminal Operations¹ (ET, Par Pacific, or Respondent), in Rapid City, South Dakota, and Newcastle, Wyoming. Par Pacific owns and operates a seven-mile jet-fuel pipeline running from the Ellsjet tank farm in east Rapid City, South Dakota, to Ellsworth Air Force Base, and three breakout tanks fed by a quarter-mile pipeline running from the Magellan terminal.²

As a result of the inspection, the Director, Central Region, OPS (Director), issued to Respondent, by letter dated May 15, 2018, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice), which also included a warning pursuant to 49 C.F.R. § 190.205. In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Par Pacific had committed 13 violations of 49 C.F.R. Part 195 and proposed assessing a civil penalty of \$293,600 for the alleged violations. The Notice also proposed ordering Respondent to take certain measures to correct the alleged violations. The warning item required no further action but warned the operator to correct the probable violation or face possible future enforcement action.

ET responded to the Notice by letter dated June 15, 2018 (Response). Respondent did not contest the allegations of violation and paid the proposed civil penalty of \$293,600. In accordance with 49 C.F.R. § 190.208(a)(1), such payment authorizes the Associate Administrator to make findings of violation and to issue this final order without further

¹ Par Pacific Holdings, LLC, acquired Wyoming Refining Company, the operator of the Ellsjet Terminal, in July 2016. Pipeline Safety Violation Report (Violation Report), (January 18, 2018) (on file with PHMSA), at 1.

² Violation Report, at 1.

proceedings. For purposes of this Final Order, the terms "ET," "Par Pacific" and "Respondent" are used interchangeably.

FINDINGS OF VIOLATION

In its Response, Par Pacific did not contest the allegations in the Notice that it violated 49 C.F.R. Part 195, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.49, which states:

§ 195.49 Annual report.

Each operator must annually complete and submit DOT Form PHMSA F 7000-1.1 for each type of hazardous liquid pipeline facility operated at the end of the previous year. An operator must submit the annual report by June 15 each year, except that for the 2010 reporting year the report must be submitted by August 15, 2011. A separate report is required for crude oil, HVL (including anhydrous ammonia), petroleum products, carbon dioxide pipelines, and fuel grade ethanol pipelines. For each state a pipeline traverses, an operator must separately complete those sections on the form requiring information to be reported for each state.

The Notice alleged that Respondent violated 49 C.F.R. § 195.49 by failing to annually complete and submit DOT Form 7000-1.1 for each type of hazardous liquid pipeline facility operated at the end of the previous year. Specifically, the Notice alleged that ET failed to complete and submit annual reports for 2013-2015. PHMSA received ET's first annual report on June 1, 2016, despite the fact that ET had operated this pipeline continuously for over 40 years.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.49 by failing to annually complete and submit DOT Form 7000-1.1 for the years 2013-2015.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 195.64(a), which states:

§ 195.64 National Registry of Pipeline and LNG Operators.

(a) OPID Request. Effective January 1, 2012, each operator of a hazardous liquid or carbon dioxide pipeline or pipeline facility must obtain from PHMSA an Operator Identification Number (OPID). An OPID is assigned to an operator for the pipeline or pipeline system for which the operator has primary responsibility. To obtain an OPID or a change to an OPID, an operator must complete an OPID Assignment Request DOT Form PHMSA F 1000.1 through the National Registry of Pipeline and LNG Operators in accordance with § 195.58.

The Notice alleged that Respondent violated 49 C.F.R. § 195.64(a) by failing to obtain an OPID from PHMSA as required by the regulation. Specifically, the Notice alleged that ET had been

operating its pipeline for over 40 years but did not obtain an OPID until November 2015, as shown on its OPID Assignment Request. According to the Notice, ET's 2016 Annual Report filed with PHMSA listed the decade of installation as 1950-1959.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.64(a) by failing to obtain an OPID for its hazardous liquids pipeline.

Item 3: The Notice alleged that Respondent violated 49 C.F.R. § 402(a), which states:

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

(a) *General.* Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

The Notice alleged that Respondent violated 49 C.F.R. § 195.402(a) by failing to prepare and follow written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies for its system prior to the commencement of initial operations. Specifically, the Notice alleged that ET staff informed the PHMSA inspector that its procedural manuals were incomplete and therefore unavailable for inspection. It further alleged that ET had not identified itself as a pipeline operator until PHMSA became aware of its operations in late 2015 and requested the company to report itself as a pipeline operator.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.402(a) by failing to prepare all written procedures required by the regulation before initial operations of the pipeline system commenced.

Item 4: The Notice alleged that Respondent violated 49 C.F.R. § 195.404(b)(1), which states, in relevant part:

§ 195.404 Maps and records.

- (a) ...
- (b) Each operator shall maintain for at least 3 years daily operating records that indicate—
 - (1) The discharge pressure at each pump station;

The Notice alleged that Respondent violated 49 C.F.R. § 195.404(b)(1) by failing to maintain daily discharge pressure records at its pump station for at least three years. Specifically, the

Notice alleged that during the PHMSA inspection, ET stated that daily discharge pressure records were not kept until October 2015.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.404(b)(1) for failing to maintain for at least three years daily operating records that indicate discharge pressure at each pump station.

Item 5: The Notice alleged that Respondent violated 49 C.F.R. § 195.404(c)(3), which states:

§ 195.404 Maps and records.

- (a) ...
- (c) Each operator shall maintain the following records for the periods specified;
 - (1) ...
 - (3) A record of each inspection and test required by this subpart shall be maintained for at least 2 years or until the next inspection or test is performed, whichever is longer.

The Notice alleged that Respondent violated 49 C.F.R. § 195.404(c)(3) by failing to maintain a record of each inspection and test required by Subpart F of 49 C.F.R. Part 195 for at least two years or until the next inspection or test is performed, whichever is longer. Specifically, the Notice alleged that ET had no valve-inspection records prior to October 2015 to demonstrate that it had performed mainline valve inspections twice each calendar year at intervals not exceeding 7½ months, pursuant to 49 C.F.R. § 195.420(b), for the years 2013, 2014, and up to the time of the PHMSA inspection in 2015. According to the Notice, ET's pipeline system has three mainline safety valves that are required to be inspected pursuant to § 195.420, which is contained in Subpart F.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.404(c)(3) by failing to maintain valve-inspection records prior to October 2015 for the three mainline safety valves on its pipeline system.

Item 6: The Notice alleged that Respondent violated 49 C.F.R. § 195.428(a), which states:

§ 195.428 Overpressure safety devices and overflow protection systems.

- (a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

The Notice alleged that Respondent violated 49 C.F.R. § 195.428(a) by failing to inspect and test the overpressure safety devices on its non-highly-volatile-liquids (non-HVL) pipeline at intervals not to exceed 15 months, but at least once each calendar year. Specifically, the Notice alleged that ET did not inspect its overpressure protection devices to ensure that they were operational in 2013 or 2014.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.428(a) by failing to inspect and test the overpressure safety devices on its non-HVL pipeline at intervals not to exceed 15 months, but at least once each calendar year.

Item 7: The Notice alleged that Respondent violated 49 C.F.R. § 195.452(b)(1), which states:

§ 195.452 Pipeline integrity management in high consequence areas.

(a) ...

(b) *What programs and practices must operators use to manage pipeline integrity?* Each operator of a pipeline covered by this section must:

(1) Develop a written integrity management program that addresses the risks on each segment of pipeline in the first column of the following table not later than the date in the second column:

Pipeline	Date
Category 1.....	March 31, 2002.
Category 2.....	February 18, 2003.
Category 3.....	1 year after the date the pipeline begins operation.

The Notice alleged that Respondent violated 49 C.F.R. § 195.452(b)(1) by failing to have an integrity management (IM) program for its High Consequence Areas. Specifically, the Notice alleged that ET informed PHMSA on April 30, 2016, that its pipeline had been in continuous operation since 2003 and that it met the classification for Category 2 pipelines; therefore, it was required to have an IM program by February 18, 2003.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.452(b)(1) by failing to develop a written IM program for its Category 2 pipeline by February 18, 2003.

Item 8: The Notice alleged that Respondent violated 49 C.F.R. § 195.509(a), which states:

§ 195.509 General.

(a) Operators must have a written qualification program by April 27, 2001. The program must be available for review by the Administrator or by a state agency participating under 49 U.S.C. Chapter 601 if the program

is under the authority of that state agency.

The Notice alleged that Respondent violated 49 C.F.R. § 195.509(a) by failing to have a written operator qualification (OQ) program by April 27, 2001, despite operating continuously since that date. Specifically, the Notice alleged that ET did not have an operator qualification program at the time of the PHMSA inspection, and did not create one after November 10, 2015, when the inspection was completed.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.509(a) by failing to have a written operator qualification (OQ) program by April 27, 2001.

Item 10: The Notice alleged that Respondent violated 49 C.F.R. § 195.573(a)(1), which states:

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

(a) *Protected pipelines.* You must do the following to determine whether cathodic protection required by this subpart complies with § 195.571:

(1) Conduct tests on the protected pipeline at least once each calendar year, but with intervals not exceeding 15 months. However, if tests at those intervals are impractical for separately protected short sections of bare or ineffectively coated pipelines, testing may be done at least once every 3 years, but with intervals not exceeding 39 months.

The Notice alleged that Respondent violated 49 C.F.R. § 195.573(a)(1) by failing to conduct cathodic-protection pipe-to-soil tests on the pipeline at least once each calendar year, but with intervals not exceeding 15 months. Specifically, the Notice alleged that ET did not conduct tests in 2014 at 13 test stations.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.573(a)(1) by failing in 2014 to conduct cathodic-protection pipe-to-soil tests at 13 test stations on the pipeline at least once each calendar year, but with intervals not exceeding 15 months.

Item 11: The Notice alleged that Respondent violated 49 C.F.R. § 195.573(c), which states, in relevant part:

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

(a) ...

(c) *Rectifiers and other devices.* You must electrically check for proper performance each device in the first column at the frequency stated in the second column.

Device	Check Frequency
Rectifier	At least six times each calendar year, but with intervals not exceeding 2½ months.

The Notice alleged that Respondent violated 49 C.F.R. § 195.573(c) by failing to conduct electrical checks on rectifiers for proper performance at the intervals required by the regulation. Specifically, the Notice alleged that ET did not conduct the required checks in 2014 and 2015.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.573(c) by failing to conduct electrical checks on rectifiers for proper performance at the intervals required by the regulation.

Item 12: The Notice alleged that Respondent violated 49 C.F.R. § 195.573(d), which states:

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

(a) ...

(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 RP 651 (incorporated by reference, *see* § 195.3). However, this inspection is not required if you note in the corrosion control protection procedures established under § 195.402(c)(3) why complying with all or certain operation and maintenance provisions of [American Petroleum Institute Recommended Practice (API RP)] 651 is not necessary for the safety of the tank.

The Notice alleged that Respondent violated 49 C.F.R. § 195.573(d) by failing to inspect its cathodic-protection system on its three above-ground breakout tanks to ensure that its operation and maintenance was in accordance with API RP 651. Specifically, the Notice alleged that ET did not conduct the annual surveys on its breakout-tank bottoms, as required under API RP 651.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.573(d) by failing to inspect its cathodic-protection system on its three above-ground breakout tanks to ensure that its operation and maintenance was in accordance with API RP 651.

Item 13: The Notice alleged that Respondent violated 49 C.F.R. § 195.583(a), which states, in relevant part:

§ 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.

The Notice alleged that Respondent violated 49 C.F.R. § 195.583(a) by failing to inspect its pipeline that was exposed to the atmosphere for evidence of atmospheric corrosion at least every 3 years, but with intervals not exceeding 39 months. Specifically, the Notice alleged that ET informed PHMSA that no atmospheric corrosion inspections had been performed prior to May 2016.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.583(a) by failing to inspect its pipeline that was exposed to the atmosphere for evidence of atmospheric corrosion at least every 3 years, but with intervals not exceeding 39 months.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations.³

In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent’s culpability; the history of Respondent’s prior offenses; and any effect that the penalty may have on its ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require. The Notice proposed a total civil penalty of \$293,600 for the violations cited above.

It appears that Par Pacific acquired the pipeline facilities in question in July 2016, roughly eight months after the November 2015 PHMSA inspection of the previous owner, Wyoming Refining Company.⁴ The record is unclear why Wyoming Refining Company had failed to satisfy its

³ These amounts are adjusted annually for inflation. *See, e.g.*, Pipeline Safety: Inflation Adjustment of Maximum Civil Penalties, 82 Fed. Reg. 19325 (April 27, 2017).

⁴ *E.g.*, Robert Brelsford, *Par Pacific inks deal for Wyoming refinery, related assets*, Oil & Gas Journal (June 15, 2016), available at <https://www.ogj.com/articles/2016/06/par-pacific-inks-deal-for-wyoming-refinery-related-assets.html> (last visited September 26, 2018).

basic legal obligation to file annual reports and comply with other important pipeline safety regulations, but PHMSA holds operators fully responsible for compliance with these obligations.

Penalties for the violations cited above are set forth as follows:

Item 1: The Notice proposed a civil penalty of \$19,100 for Respondent's violation of 49 C.F.R. § 195.49, for failing to annually complete and submit DOT Form 7000-1.1 for the years 2013-2015. ET neither contested the allegation nor presented any evidence or argument justifying a reduction in or elimination of the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$19,100 for violation of 49 C.F.R. § 195.49.

Item 2: The Notice proposed a civil penalty of \$18,700 for Respondent's violation of 49 C.F.R. § 195.64(a), for failing to obtain an OPID for its hazardous liquids pipeline. ET neither contested the allegation nor presented any evidence or argument justifying a reduction in or elimination of the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Par Pacific a civil penalty of \$18,700 for violation of 49 C.F.R. § 195.64(a).

Item 3: The Notice proposed a civil penalty of \$36,000 for Respondent's violation of 49 C.F.R. § 195.402(a), for failing to prepare and follow written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies for its system prior to the commencement of initial operations. ET neither contested the allegation nor presented any evidence or argument justifying a reduction in or elimination of the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Par Pacific a civil penalty of \$36,000 for violation of 49 C.F.R. § 195.402(a).

Item 4: The Notice proposed a civil penalty of \$17,200 for Respondent's violation of 49 C.F.R. § 195.404(b)(1), for failing to maintain daily discharge pressure records at its pump station for at least three years. ET neither contested the allegation nor presented any evidence or argument justifying a reduction in or elimination of the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Par Pacific a civil penalty of \$17,200 for violation of 49 C.F.R. § 195.404(b)(1).

Item 5: The Notice proposed a civil penalty of \$13,900 for Respondent's violation of 49 C.F.R. § 195.404(c)(3), for failing to maintain valve-inspection records to demonstrate that it had performed valve inspections twice each calendar year, at intervals not exceeding 7½ months for the years 2013, 2014, and up to the date of the PHMSA inspection in 2015. ET neither contested the allegation nor presented any evidence or argument justifying a reduction in or elimination of the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Par Pacific a civil penalty of \$13,900 for violation of 49 C.F.R. § 195.404(c)(3).

Item 6: The Notice proposed a civil penalty of \$37,000 for Respondent's violation of 49 C.F.R. § 195.428(a), for failing to inspect and test the overpressure safety devices on its non-HVL pipeline at intervals not to exceed 15 months, but at least once each calendar year. ET neither contested the allegation nor presented any evidence or argument justifying a reduction in or

elimination of the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Par Pacific a civil penalty of \$37,000 for violation of 49 C.F.R. § 195.428(a).

Item 7: The Notice proposed a civil penalty of \$36,000 for Respondent's violation of 49 C.F.R. § 195.452(b)(1), for failing to have an IM program in High Consequence Areas. ET neither contested the allegation nor presented any evidence or argument justifying a reduction in or elimination of the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Par Pacific a civil penalty of \$36,000 for violation of 49 C.F.R. § 195.452(b)(1).

Item 8: The Notice proposed a civil penalty of \$36,000 for Respondent's violation of 49 C.F.R. § 195.509(a), for failing to have a written OQ program by April 27, 2001, despite having operated continuously since that date. ET neither contested the allegation nor presented any evidence or argument justifying a reduction in or elimination of the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Par Pacific a civil penalty of \$36,000 for violation of 49 C.F.R. § 195.509(a).

Item 10: The Notice proposed a civil penalty of \$21,300 for Respondent's violation of 49 C.F.R. § 195.573(a)(1), for failing to conduct cathodic-protection pipe-to-soil tests on the pipeline at least once each calendar year, but with intervals not exceeding 15 months. ET neither contested the allegation nor presented any evidence or argument justifying a reduction in or elimination of the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Par Pacific a civil penalty of \$21,300 for violation of 49 C.F.R. § 195.573(a)(1).

Item 11: The Notice proposed a civil penalty of \$20,600 for Respondent's violation of 49 C.F.R. § 195.573(c), for failing to conduct electrical checks on its rectifiers for proper performance at the intervals required by the regulation. ET neither contested the allegation nor presented any evidence or argument justifying a reduction in or elimination of the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Par Pacific a civil penalty of \$20,600 for violation of 49 C.F.R. § 195.573(c).

Item 12: The Notice proposed a civil penalty of \$19,100 for Respondent's violation of 49 C.F.R. § 195.573(d), for failing to inspect its cathodic-protection system on its three above-ground breakout tanks to ensure that its operation and maintenance was in accordance with API 651. ET neither contested the allegation nor presented any evidence or argument justifying a reduction in or elimination of the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Par Pacific a civil penalty of \$19,100 for violation of 49 C.F.R. § 195.573(d).

Item 13: The Notice proposed a civil penalty of \$18,700 for Respondent's violation of 49 C.F.R. § 195.583(a), for failing to inspect its pipeline that was exposed to the atmosphere for evidence of atmospheric corrosion at least every three years, but with intervals not exceeding 39 months. ET neither contested the allegation nor presented any evidence or argument justifying a reduction in or elimination of the proposed penalty. Accordingly, having reviewed the record

and considered the assessment criteria, I assess Par Pacific a civil penalty of \$18,700 for violation of 49 C.F.R. § 195.583(a).

In summary, having reviewed the record and considered the assessment criteria for each of the Items cited above, I assess Par Pacific a total civil penalty of **\$293,600**, which amount was paid in full by wire transfer dated June 12, 2018.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 3, 7, and 12 in the Notice for violations of 49 C.F.R. §§ 195.402(a), 195.452(b)(1), and 195.573(d), respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 195.402(a) (**Item 3**), Respondent must prepare a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies, as required by 49 C.F.R. Part 195. A schedule for completion of this manual must be submitted to the Director, Central Region, within 30 days of receipt of this Final Order. The manual required by this paragraph must be completed no later than six months from the issuance of this Final Order.
2. With respect to the violation of § 195.452(b)(1) (**Item 7**), Respondent must develop a written IM program in accordance with 49 C.F.R. § 195.452. A schedule for completion of this manual must be submitted to the Director, Central Region within 30 days of receipt of this Final Order. The manual required by this paragraph must be completed no later than six months from the issuance of this Final Order.
3. With respect to the violation of § 195.573(d) (**Item 12**), Respondent must monitor external corrosion control at its breakout tanks and remediate any deficiencies. Monitoring of its breakout tanks must begin within 30 days of receipt of this Final Order. Records of the initial monitor readings and any remediation must be submitted to the Director, Central Region, within 30 days of completion.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

It is requested that Respondent maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director. 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.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$200,000, as adjusted for inflation (49 C.F.R. § 190.223), for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

WARNING ITEM

With respect to Item 9, the Notice alleged probable violations of Part 195 but did not propose a civil penalty or compliance order for this item. Therefore, this is considered to be a warning item. The warning was for:

49 C.F.R. § 195.509(b) (**Item 9**) — Respondent's alleged failure to complete the qualification of individuals performing covered tasks by October 28, 2002. Specifically, the Notice alleged that ET had operated its pipeline continuously since October 28, 2002, but had not completed the qualification of individuals performing covered tasks as of the November 9-10, 2015 PHMSA inspection.

If OPS finds a violation of this provision in a subsequent inspection, Respondent may be subject to future enforcement action.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

October 30, 2018

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Date Issued