

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 3, 2019

Mr. Brad Barron
President and Chief Executive Officer
NuStar Energy, L.P.
19003 IH-10 West
San Antonio, TX 78257

CPF 3-2019-5022W

Dear Mr. Barron:

On September 17-18, 2019, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected your subsidiary's, NuStar Pipeline Operating Partnership (NuStar), 8-inch diameter anhydrous ammonia pipeline replacement project in Giliespie, Illinois.

As a result of the inspection, it is alleged that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR), Part 195. The items inspected and the probable violations are:

1. §195.214 Welding procedures

- (a) Welding must be performed by a qualified welder or welding operator in accordance with welding procedures qualified under section 5, section 12, Appendix A or Appendix B of API Std 1104 (incorporated by reference, see § 195.3), or Section IX of the ASME Boiler and Pressure Vessel Code (ASME BPVC) (incorporated by reference, see § 195.3). The quality of the test welds used to qualify the welding procedures must be determined by destructive testing.**

Nustar did not perform welding per the procedure “S/232 Groove Any” which is the welding procedure qualified in accordance to API 1104 using cellulosic electrodes for this replacement project.

Procedure “S/232 Groove Any” specifically states that a minimum of four (4) weld passes must be completed for each weld. During the inspection, the PHMSA representative discovered that welders were using three (3) passes to complete welds.

Unless the procedure is changed as allowed by the pipeline safety regulations and standards incorporated by reference, the welders must follow the procedure as written. The welders do not have the authority to change a procedure themselves. This issue was addressed immediately by NuStar, and the welders began using a minimum of four (4) passes in each weld.

2. §195.222 Welders and welding operators: Qualification of welders and welding operators.

(a) Each welder or welding operator must be qualified in accordance with section 6, section 12, Appendix A or Appendix B of API Std 1104 (incorporated by reference, see § 195.3), or section IX of the ASME Boiler and Pressure Vessel Code (ASME BPVC), (incorporated by reference, see § 195.3) except that a welder or welding operator qualified under an earlier edition than listed in § 195.3, may weld but may not requalify under that earlier edition.

Nustar did not properly qualify welders to use procedure “S/232 Groove LH” which is the welding procedure qualified in accordance to API 1104 using low-hydrogen electrodes for this replacement project.

Procedure “S/232 Groove LH” specifically requires a minimum of four (4) passes to complete this weld. During the inspection, a PHMSA representative reviewed the qualification records for the contract welders, which showed that only three (3) passes were used during welder qualification. A welder qualification test is used to demonstrate the welders’ ability to follow a procedure; therefore, it is critical that the welders follow the procedure as written. NuStar indicated that all contract welders would be re-tested on this welding procedure, if they needed to use the procedure.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed

\$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022. For violations occurring prior to November 2, 2015, 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. 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 items identified in this letter. Failure to do so will result in NuStar Pipeline Operating Partnership L.P. 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 3-2019-5022W**. 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

cc: Mr. Gary Koegeboehn, Vice President – Pipeline Operations, NuStar Energy L.P., 19003
IH-10 West, San Antonio, TX 78257