

## WARNING LETTER

VIA ELECTRONIC MAIL TO: [Todd.Denton@p66.com](mailto:Todd.Denton@p66.com) and [Jeff.M.Blatchford@p66.com](mailto:Jeff.M.Blatchford@p66.com)

November 5, 2020

Mr. Todd Denton  
President Phillips 66 Pipeline LLC  
2331 Citywest Blvd  
Houston, TX 77042

**CPF 3-2020-5028W**

Dear Mr. Denton:

On March 25 – 29 and September 9 - 13, 2019, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Phillips 66 Pipeline LLC's (Phillips 66) therecords and field assets for Sacagawea Pipeline in Houston, Texas and Keene, 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 (CFR). The items inspected and the probable violations are:

**1. §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.**

Phillips 66 failed to submit accurate and complete annual reports for the Sacagawea Pipeline. Specifically, Phillips 66 did not include high consequence area (HCA) mileage in its 2016 annual report. Additionally, breakout tanks were missing from the 2016 and 2017 annual reports. Phillips 66 personnel stated there should have been 3 breakout tanks listed in the 2016 annual report and 5 in the 2017 annual report. Phillips 66 has submitted supplemental Annual Reports for 2016 and 2017 to correct these inaccuracies.

**2. §195.404 Maps and records.**

**(c) Each operator shall maintain the following records for the periods specified:**

**(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.**

**§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 7 1/2 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.**

Phillips 66 failed to maintain a record of each inspection and test required under §195.428(a). Specifically, Phillips 66 did not maintain a 2018 inspection record for the following overpressure safety devices: PIT-1003, PIT-1404-01, PIT-1403-01, PIT-0704-02 and PIT-1704-02.

**3. §195.573 What must I do to monitor external corrosion control?**

**(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 procedures established under §195.402(c)(3) why complying with all or certain operation and maintenance provisions of API RP 651 is not necessary for the safety of the tank.**

Phillips 66 failed to inspect each cathodic protection system used to control corrosion on the bottom of an aboveground breakout tank to ensure that the operation and maintenance of the system are in accordance with API RP 651. Specifically, Phillips 66 did not conduct annual cathodic protection (CP) surveys pursuant to API RP 651 on its Stanley breakout tanks in 2018. The Phillips 66 technicians stated that there was some confusion as to which assets at the Stanley facility, which was commissioned in 2017, were operated by Phillips 66 and what portions were DOT regulated. The technicians recorded some readings on the pipelines running to the breakout tanks, but did not take CP readings of the tanks themselves during the 2018 CP annual survey. It was not until 2019, when Phillips 66's 2019 annual survey showed recorded CP readings on the tanks.

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 item(s) identified in this letter. Failure to do so will result in Phillips 66 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 3-2020-5028W**. 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,

Gregory A. Ochs  
Director, Central Region, OPS  
Pipeline and Hazardous Materials Safety Administration

cc: Jeff Blatchford, DOT Coordinator, [Jeff.M.Blatchford@p66.com](mailto:Jeff.M.Blatchford@p66.com)