



U.S. Department  
of Transportation

Pipeline and Hazardous  
Materials Safety  
Administration

1200 New Jersey Avenue, SE  
Washington, D.C. 20590

MAR 19 2014

Mr. Greg C. Garland, Chairman and CEO  
Phillips 66 Pipeline, LLC  
3010 Briarpark Drive  
Ninth Floor  
Houston, TX 77042

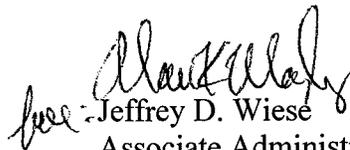
**Re: CPF No. 4-2012-5006M**

Dear Mr. Garland:

Enclosed please find the Order Directing Amendment issued in the above-referenced case. It withdraws and/or modifies certain items, makes findings of inadequate procedures, and requires that Phillips 66 amend certain operating and maintenance procedures. When the amendment of procedures has been completed, as determined by the Director, Southwest Region, this enforcement action will be closed. Service of the Order Directing Amendment by certified mail is effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

  
Jeffrey D. Wiese  
Associate Administrator  
for Pipeline Safety

Enclosure

cc: Mr. Todd I. Tullio, Manager, Regulatory Compliance, Phillips 66 Pipeline LLC,  
600 N. Dairy Ashford TN-5022, Houston, TX 77079  
Mr. Rodrick M. Seeley, Southwest Region Director, OPS

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

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

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**In the Matter of** )

**Phillips 66 Pipeline, LLC,** )

**Respondent.** )  
\_\_\_\_\_ )

**CPF No. 4-2012-5006M**

**ORDER DIRECTING AMENDMENT**

During May 2011, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), inspected the procedures for operating and maintaining the breakout tank facilities of Phillips 66 (Phillips or Respondent) in Cushing, OK. Phillips owns or has interest in 11 refineries in the United States and delivers crude oil, refined products, natural gas, and natural gas liquids.

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated March 9, 2012, a Notice of Amendment (Notice). The Notice alleged certain inadequacies in Respondent's written procedures for operations, maintenance and emergencies and requested, in accordance with 49 C.F.R. § 190.237, that Respondent amend them.

Phillips responded to the Notice on behalf of ConocoPhillips<sup>1</sup> by letter dated May 10, 2012 (Response), and submitted amended procedures. Upon reviewing the amended procedures, PHMSA requested further revisions by email on July 27, 2012 (First Request) and Phillips responded on September 5, 2012 (Second Response), submitted additional revisions, and requested an additional meeting with PHMSA.

Respondent did not request a hearing and therefore has waived its right to one. The Director has reviewed the amended procedures submitted by Respondent on July 17, 2012, and September 5, 2012. Based on the result of this review, I find that Respondent's amendments adequately address Items 1, 3, 5, 6, 8, 12, 14 and 19 in the Notice. For the reasons discussed below, I find the amendments still do not adequately address Items 2, 4, 7, 9, 11, 15, 17 and 20. For the reasons discussed below, I am withdrawing items 10, 13, 16, and 18.

<sup>1</sup> The Notice was issued to ConocoPhillips, which separated its Phillips 66 subsidiary from its remaining businesses on April 30, 2012. Phillips 66 is the owner/operator of the Cushing facility and will therefore be considered the Respondent for purposes of this Final Order.

<http://www.sec.gov/Archives/edgar/data/1534701/000119312512151117/d319224dex991.htm>  
(last accessed 8/16/2013).

## FINDINGS OF INADEQUATE PROCEDURES

The Notice alleged certain inadequacies in Respondent's procedures. Respondent did not contest the allegations and submitted amended procedures to address the inadequacies but stated that, by submitting its response, Phillips was not waiving any right, privilege, or objection in any separate or subsequent proceeding. As noted above, I have reviewed the revised procedures and considered the following factors: relevant available pipeline safety data; whether the procedures are adequate for Respondent's unique facilities and for the facilities' particular location; the reasonableness of the procedures; and the extent to which the procedures contribute to public safety. Upon such review of the revised procedures under 49 C.F.R. § 190.237, I find the following procedures to be inadequate:

**Item 2:** The Notice alleged that Respondent's procedures are inadequate to assure safe operation of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.132, which states in relevant part:

**§ 195.132 Aboveground breakout tank.<sup>2</sup>**

(a) Each aboveground breakout tank must be designed and constructed to withstand the internal pressure produced by the hazardous liquid to be stored therein and any anticipated external loads.

(b) For aboveground breakout tanks first placed in service after October 2, 2000, compliance with paragraph (a) of this section requires one of the following:

(1) . . .

(4) High pressure steel tanks (i.e., internal gas or vapor space pressures greater than 15 psig (103.4 kPa)) with a nominal capacity of 2000 gallons (7571 liters) or more of liquefied petroleum gas (LPG) must be designed and constructed in accordance with API Standard 2510.

The Notice alleged that Respondent's procedure *MI-0320 - Pressure Storage Tanks* simply required that pressure storage tank inspections would be conducted according to API 510. Although the procedure listed both API 510 and API 2510 as references, the procedure specifically disclaimed incorporation of these documents.<sup>3</sup> PHMSA alleged that, since the requirements of API 2510 are not specifically referenced in the text of this procedure, *MI-0320-Pressure Storage Tanks* was inadequate.

In its First Response, Phillips summarily stated that it amended Section 3.1.1 of this procedure as follows: "DOT Pressure Vessels shall be constructed per the requirements of API 2510."

Neither this revision nor the version submitted by Phillips on September 5, 2012, address both the *design* and construction requirements of § 195.132 (*emphasis added*). Accordingly, Phillips

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<sup>2</sup> Since the Notice of Amendment was issued, the section heading of this regulation has been changed to "Design and construction of aboveground breakout tanks."

<sup>3</sup> The disclaimer states: "The listed documents are not by reference part of this procedure. Reference is made only to the paragraph or section listed and not the entire document." For purposes of this Order, this statement will be referred to as "the disclaimer."

is ordered to make additional revisions to its procedures specifying that all high-pressure tanks must be designed and constructed according to API 2510.

**Item 4:** The Notice alleged that Respondent's procedures are inadequate to assure safe operation of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.205, which states in relevant part:

**§ 195.205 Repair, alteration and reconstruction of aboveground breakout tanks that have been in service.**

(a) Aboveground breakout tanks that have been repaired, altered, or reconstructed and returned to service must be capable of withstanding the internal pressure produced by the hazardous liquid to be stored therein and any anticipated external loads.

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

(2) For tanks built to API Specification 12F or API Standard 620, the repair, alteration, and reconstruction must be in accordance with the design, welding, examination, and material requirements of those respective standards.

The Notice alleged that Respondent's procedures failed to implement 49 C.F.R. § 195.205(b)(2) because *MI-0310 - Atmospheric Storage Tanks* does not state that tanks built to API Specification 12F or API Standard 620 must be repaired, altered, and reconstructed in accordance with the design, welding, examination, and material requirements of these respective standards.

In its First Response, Phillips submitted an amended version. However, the procedure is still deficient in that only the "Philosophy" section was amended to read the "repair of DOT Breakout API 12F tanks shall be performed to the code of construction." To comply with § 195.205(b)(2), Respondent must have a procedure for the repair, alteration, and reconstruction of tanks. In its Second Response, Phillips made additional changes to the "Philosophy" section, but failed to make changes to the body of its procedure.

Phillips must amend the actual procedure, *MI-0310 - Atmospheric Storage Tanks*, *MI-0310 - Atmospheric Storage Tanks*, to remove any ambiguity that not only repairs, but also alteration and reconstruction, are also covered. Accordingly, Phillips is hereby ordered to amend its procedures to indicate that repair, alteration, and reconstruction must be conducted in accordance with the design, welding, examination, and material requirements of API Specification 12F or API Standard 620, according to the requirements of §195.205(b)(2).

**Item 7:** The Notice alleged that Respondent's procedures are inadequate to assure safe operation of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.264(c), which states:

**§ 195.264 Impoundment, protection against entry, normal/emergency venting or pressure/vacuum relief for aboveground breakout tanks.**

(c) Aboveground breakout tank areas must be adequately protected against unauthorized entry.

The Notice alleged that Respondent's procedure *CPPL-MPR-2201- Security and Signs* is inadequate because it does not clarify how Phillips, across all of its assets, decides and evaluates required security measures.

Phillips stated in its First Response that it modified *CPPL-MPR-2201- Security and Signs*, Section 6.1 to include the various criteria that it uses in the evaluation of its facilities, including its Security Program, applicable federal and state regulations (e.g., TSA Pipeline Security Guidelines), and industry standards. The Respondent also stated that its security director and Emergency Preparedness and Response team evaluate and assess its facilities using these standards. In its First Request, the Southwest Region reiterated its concern with this procedure, stating that it "still do[es] not provide information on the security measures that will applied for each type of threat so that PHMSA can determine if the security measures are being consistently applied across the P66PL pipeline systems."<sup>4</sup>

In its Second Response, Phillips 66 submitted amended procedures that do not satisfactorily address these issues. Accordingly, Phillips is hereby ordered to amend its procedure to specify its security requirements based on risk factors, regulatory status (e.g., CFATS, MTSA, TSA Critical, etc.), industry standards, and threat information, as provided by local, state, and federal law enforcement. Then, the procedure must outline what actions Phillips will take to consistently implement security measures across its system.

**Item 9:** The Notice alleged that Respondent's procedures are inadequate to assure safe operation of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.307, which states:

**§ 195.307 Pressure testing aboveground breakout tanks.**

(a) For aboveground breakout tanks built into API Specification 12F and first placed in service after October 2, 2000, pneumatic testing must be in accordance with section 5.3 of API Specification 12 F (incorporated by reference, *see* §195.3).

(b) For aboveground breakout tanks built to API Standard 620 and first placed in service after October 2, 2000, hydrostatic and pneumatic testing must be in accordance with section 7.18 of API Standard 620 (incorporated by reference, *see* §195.3).

(c) For aboveground breakout tanks built to API Standard 650 (incorporated by reference, *see* §195.3) and first placed in service after October 2, 2000, testing must be in accordance with Section 5.2 of API Standard 650 (incorporated by reference, *see* § 195.3).

(d) For aboveground atmospheric pressure breakout tanks constructed of carbon and low alloy steel, welded or riveted, and non-refrigerated and

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<sup>4</sup> First Response.

tanks built to API Standard 650 or its predecessor Standard 12C that are returned to service after October 2, 2000, the necessity for the hydrostatic testing of repair, alteration, and reconstruction is covered in section 10.3 of API Standard 653.

(e) For aboveground breakout tanks built to API Standard 2510 and first placed in service after October 2, 2000, pressure testing must be in accordance with ASME Boiler and Pressure Vessel Code, Section VIII, Division 1 or 2.

The Notice alleged several deficiencies in Phillips' testing procedures for aboveground breakout tanks. To simplify the issues, I have delineated the deficiencies as follows:

1. No procedure for hydrostatic and pneumatic testing of API 12 F tanks;
2. *Hydrostatic Testing – Atmospheric Storage Tanks (Revision 1, Effective 12/17.2009) CPPL-MPR-6202, Paragraph 1.2* referenced the current version of API 650 and API 653, not the version of the standards incorporated by reference into Part 195;
3. *CPPL-MPR-6202 Hydrostatic Testing* stated that the procedure is for new/repared atmospheric tanks but should also include tanks that have had a major alteration/repair requiring hydrostatic testing according to API 653 definition 3.20;
4. *Pressure Storage Tanks MI-320, Section 3.3* requires that pressure testing be conducted pursuant to API-510 or ASME Section VIII, Section UG-99. Section 195.307(e) requires that tanks placed into service after October 2, 2000, be tested using ASME Boiler and Pressure Vessel Code, Section VIII, Division 1 or 2. (Operator references API 510/ASME VIII, so Phillips must modify the procedure to be consistent with the requirements of 195.307(e) for PHMSA -regulated high pressure tanks).

The Respondent submitted amended procedures in its First Response, which:

1. Modified *TSD -9401- Atmospheric Storage Tank Standard Design* to include: "Small Diameter DOT Breakout tanks shall be either built to API 12F or API 650 Appendix J and will follow the requirements of the applicable standard" in section 1.3.
2. Modified *MPR-6202-Hydrostatic Testing Atmospheric Storage Tanks* to include "major alterations" in section 7.1.2.1; and
3. Modified *MI-0320 – Pressure Storage Vessels* to include "for tanks constructed after October 2, 2000" in section 3.3.2.

In its Second Response, Phillips further amended its procedures. The Region maintains that these procedures are still inadequate and should be further amended, as described in the next paragraph.

Accordingly, Phillips is hereby ordered to amend its procedure *MPR-6202 Hydrostatic Testing – Atmospheric Storage Tanks* to: specify the requirements for testing small diameter, shop-fabricated tanks be consistent with the requirements of Part 195; specify the correct version of standards incorporated in Part 195; include repairs, alterations, and reconstruction as requirements for API 653 hydrostatic testing of atmospheric tanks; and resolve the contradiction between procedures for the proper testing of API 12F and API 653 Appendix J tanks.

**Item 10:** The Notice alleged that Respondent's procedures are inadequate to assure safe operation of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.405(a), which states:

**§ 195.405 Protection against ignitions and safe access/egress involving floating roofs.**

(a) After October 2, 2000, protection provided against ignitions arising out of static electricity, lightning, and stray currents during operation and maintenance activities involving aboveground breakout tanks must be in accordance with API Recommended Practice 2003, unless the operator notes in the procedural manual (§195.402(c)) why compliance with all or certain provisions of API Recommended Practice 2003 is not necessary for the safety of a particular breakout tank.

The Notice alleged that Phillips' procedure *MPR-4017 - Safety Precautions- Protection against Ignition due to Static Electricity, Lightning, and Stray Currents* is inadequate because it did not consistently cross-reference its related procedures, which allow personnel to easily locate and refer to the appropriate requirements. In addition, *MPR-4017* incorporated API RP 2003, but restricted it to Section 4.5.<sup>5</sup> Last, procedures *MI-0320 – Pressure Storage Tanks* and *MI-0204 – API 510 Pressure Vessel Policy* did not include grounding requirements.

In its Second Response, Phillips resubmitted *MPR-401*, but did not specifically state what amendments, if any, were made. The Region maintains that these procedures are inadequate and should be further amended but has failed to specify why the revised procedure remains inadequate. Accordingly, there is insufficient evidence in the record to conclude that Phillips' amended procedures are inadequate to assure safe operation. Therefore, this item is withdrawn.

**Item 11:** The Notice alleged that Respondent's procedures are inadequate to assure safe operation of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.405, which states:

**§ 195.405 Protection against ignitions and safe access/egress involving floating roofs.**

(a)...

(b) The hazards associated with access/egress onto floating roofs of in-service aboveground breakout tanks to perform inspection, service, maintenance or repair activities (other than specified general considerations, specified routine tasks or entering tanks removed from service for cleaning) are addressed in API Publication 2026. After October 2, 2000, the operator must review and consider the potentially hazardous conditions, safety practices and procedures in API Publication 2026 for inclusion in the procedure manual (§195.402(c)).

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<sup>5</sup> API 2003 Section 5.4.2 also covers atmospheric storage tanks.

The Notice alleged that Phillips' procedure, *MPR-4017-Protection against Ignition Due to Static Electricity, Lightning, and Stray Currents*, failed to reference or incorporate the requirements of API Publication 2026.

In its First Response, Phillips modified the relevant procedure to "include API 2026 in the reference." In PHMSA's July 17, 2012 response, PHMSA noted that, while the procedure was revised to list API 2026 as the referenced standard, the procedure also includes a disclaimer that obviated the issue.<sup>6</sup> I find that Phillips' modification is sufficient, with one exception: the procedure must address safe access and ingress involving floating roofs.

**Item 13:** The Notice alleged that Respondent's procedures are inadequate to assure safe operation of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.310, which states:

**§ 195.430 Firefighting equipment.**

Each operator shall maintain adequate firefighting equipment at each pump station and breakout tank area. The equipment must be-

- (a) In proper operating condition at all times;+
- (b) Plainly marked so that its identity as firefighting equipment is clear; and
- (c) Located so that it is easily accessible during a fire.

The Notice alleged that Phillips' *HSE Policy, Inspection, Testing, and Maintenance – Fire Protection* did not specify how Respondent allocated responsibility for or determined the necessary equipment at each facility. In those cases where the Respondent utilizes an agency to provide equipment and personnel, the operator's procedures must outline how the operator verifies the adequacy of the equipment provided by the agency to satisfy the requirements of § 195.430.

In its Response, Phillips modified its procedure to include the criteria that its personnel use to evaluate its facilities and determine the adequacy of its fire fighting systems and equipment. However, in PHMSA's First Request, PHMSA stated that Phillips' modification did not provide information on how Phillips verified adherence to the requirements of § 195.430. Furthermore, PHMSA questioned the use of the word "incipient" in the description of Phillips firefighting systems. Phillips, in its Second Response, requested that the Southwest Region meet to discuss these proposed modifications. The Southwest Region did not meet with the operator and continues to maintain that the policy is inadequate but has not explained what continues to be inadequate.

Accordingly, there is insufficient evidence in the record to conclude that Phillips' amended procedures are inadequate to assure safe operation. Therefore, this item is withdrawn.

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<sup>6</sup> CPPL-MPR-4017-WD2, Section 2 "References" states that "the listed documents are not by reference part of this procedure. Reference is made only to the paragraph or sections listed and not the entire document."

**Item 15:** The Notice alleged that Respondent's procedures are inadequate to assure safe operation of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.432, which states:

**§ 195.432 Inspection of in-service breakout tanks.**

(a) ...

(c) Each operator shall inspect the physical integrity of in-service steel aboveground breakout tanks built to API Standard 2510 according to section 6 of API 510.

The Notice alleged that Phillips' procedures related to the inspection of pressure vessels do not contain appropriate cross references or adequately define scope. *MPR-2813A*, *PPI-Form – GPL-192A – Instructions, Routine Pressure Vessel Inspection report*, and *AIP-08, Pressure Vessel Program*, and *MI-0204, API510 – Pressure Vessel Policy* involve the inspection of in-service breakout tanks, but it is unclear when each procedure applies and when to cross-reference another procedure. PHMSA also noted that *MI-320, Pressure Storage Tanks*, refers to "individuals required to perform API 510 inspections on tanks built to the API 2510 standard"<sup>7</sup> as "authorized inspectors" and not "authorized pressure vessel inspector." The latter term is used and defined in API 510, so it is appropriate for Respondent to amend its term accordingly.

In its First Response, Phillips submitted revised procedure *MPR-2813A* to include an "Authorized Inspector" in section 2.3. PHMSA responded that Phillips' response did not identify the scope and cross-referencing issues described above. In addition, the modification did not address the "authorized pressure vessel inspector" term.

According to the Region, Phillips resubmitted *MPR-2813* without additional change and the issues identified above remain. Respondent must modify the procedures referenced above to clearly identify the scope of each inspection, cross references each procedure involving pressure vessel inspections, and use the term "authorized pressure vessel inspector," as appropriate.

**Item 16:** The Notice alleged that Respondent's procedures are inadequate to assure safe operation of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.436, which states:

**§ 195.436 Security of facilities.**

Each operator shall provide protection for each pumping station and breakout tank area and other exposed facility (such as scraper traps) from vandalism and unauthorized entry.

The Notice alleged that Phillips' procedure *MPR-2201, Facilities – Security and Signs* did not specifically state the protection provided for each pumping station, breakout tank area, or other exposed facility.

In its First Response, Phillips submitted its procedure, which included the criteria for evaluation of its facilities, namely Respondent's security program, and applicable federal and state

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<sup>7</sup> NOA, 12.

regulations, industry guidance, and certain other criteria. PHMSA, in its First Request, stated that while the Respondent modified its procedures to include security measures and review criteria, the procedure still did not specify the actions that will be taken pursuant to such a review. Phillips' Second Response does not identify any additional modifications. The Region maintains that these procedures are still inadequate and should be further amended. However, the Region failed to provide evidence that specifies how the procedure should be amended. Accordingly, there is insufficient evidence in the record to conclude that Phillips' amended procedures are inadequate to assure safe operation. Therefore, this item is withdrawn.

**Item 17:** The Notice alleged that Respondent's procedures are inadequate to assure safe operation of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.565, which states:

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

After October 2, 2000, when you install cathodic protection under Sec. 195.563(a) to protect the bottom of an aboveground breakout tank of more than 500 barrels (79.5m<sup>3</sup>) capacity built to API Specification 12F, API Standard 620, or API Standard 650 (or its predecessor Standard 12C), you must install the system in accordance with API Recommended Practice 651. However, installation of the system need not comply with API Recommended Practice 651 on any tank for which you note in the corrosion control procedures established under Sec. 195.402(c)(3) why compliance with all or certain provisions of API Recommended Practice 651 is not necessary for the safety of the tank.

The Notice alleged that the Phillips' procedure, *MPR-7002, Corrosion Control – Cathodic Protection Requirements*, did not reference the correct version of API 651 or specify that cathodic protection facilities installed on breakout tanks after October 2, 2000, must be built in accordance with API 651, *Cathodic Protection of Aboveground Petroleum Storage Tanks*.

In its First Response, Phillips amended *MPR-7002* to include the correct reference and added a statement to section 7<sup>8</sup> of the procedure to address the design and construction of cathodic protection systems installed on breakout tanks built after October 2, 2000. In its First Request, PHMSA acknowledged these changes, but questioned the disclaimer.

I find that this revision is adequate.

**Item 18:** The Notice alleged that Respondent's procedures are inadequate to assure safe operation of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.571, which states:

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<sup>8</sup> "All cathodic protection systems installed on breakout tanks built after October 2, 2000 to protect from soil side corrosion are to be designed and constructed in accordance with the requirements of API RP651." Section 7, May 10, 2012 MPR 7002 procedure.

**§ 195.571 Which criteria must I use to determine the adequacy of cathodic protection?**

Cathodic protection required by this Subpart must comply with one or more of the applicable criteria and other considerations for cathodic protection contained in paragraphs 6.2 and 6.3 of NACE SP 0169 (incorporated by reference, *see* §195.3).

The Notice alleged that Phillips' procedure, *MPR-7002, Corrosion Control – Cathodic Protection Requirements*, is inadequate because it references an outdated version of API 651 that is not incorporated into the regulation and does not include specific criteria for the determination of the adequacy of the cathodic protection. The Notice questioned the adequacy of the procedure, given that it includes both a general disclaimer<sup>9</sup> and does not explicitly include the standard spelled out in NACE SP 0169.

In its First Response, Phillips revised *MPR-7002* by adding API 651, 3<sup>rd</sup> Edition and NACE SP0169-2007 to Section 1.2, Industry Standards and Section 5.<sup>10</sup> However, Respondent did not remove the disclaimer, reference, or incorporate paragraphs 6.2 and 6.3 of NACE SP0169. On July 17, 2012, PHMSA acknowledged these modifications, but stated that *MPR-7002* still included the disclaimer and now referenced *MPR-7004* in Section 5, which raised issues concerning the consideration of voltage (IR drop).<sup>11</sup> On September 5, 2012, Respondent further modified *MPR-7002*, but did not identify the modifications made. The Region maintains that these procedures are still inadequate and should be further amended but has not specified what the inadequacies are.

Accordingly, there is insufficient evidence in the record to conclude that Phillips' amended procedures are inadequate to assure safe operation. Therefore, this item is withdrawn.

**Item 20:** The Notice alleged that Respondent's procedures are inadequate to assure safe operation of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.579 which state:

**§ 195.579 What must I do to mitigate internal corrosion?**

(a) ...

(d) *Breakout tanks.* After October 2, 2000, when you install a tank bottom lining in an aboveground breakout tank built to API Specification 12F, API Standard 620, or API Standard 650 (or its predecessor Standard 12C), you must install the lining in accordance with API Recommended

<sup>9</sup> "The listed documents are not by reference part of this procedure. Reference is made only to the paragraph or section listed and not the entire document."

<sup>10</sup> Section 5, Determining Required Cathodic Protection Current, states "See MPR-7004 for cathodic protection criteria."

<sup>11</sup> "P66PL indicates in procedure MPR-7004 that the -850 mV 'on' criterion is being used but then indicates the following: 'Consideration' of voltage (IR) drop and demonstration of criteria compliance can involve but do not necessarily require quantification of IR drop...P66PL must make additional modifications [to] clarify the standards and procedures that are referenced by MPR-7002 and MPR-7004, *include only one legitimate means of considering IR drop (emphasis included).*"

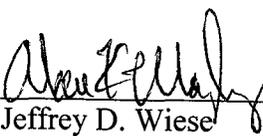
Practice 652. However, installation of the lining need not comply with API Recommended Practice 652 on any tank for which you note in the corrosion control procedures established under §195.402(c)(3) why compliance with all or certain provisions of API Recommended Practice 652 is not necessary for the safety of the tank.

The Notice alleged that neither procedure *TRP-4002, Recommended Practice for Protective Coatings for Storage Tank Interiors*, nor procedure *TSP-8003 Internal Tank Linings – Protective Paint Coatings for on Shore Above-Grade Tanks and Vessels* require that tank linings be installed in accordance with API Recommended Practice 652.

In its First Response, Phillips modified *TRP-4002*.<sup>12</sup> However, the procedure also included a disclaimer.<sup>13</sup> On July 12, 2012, PHMSA responded to Phillips by email, stating that the disclaimer obfuscated the issue and therefore the response was inadequate. Phillips forwarded a second set of modified procedures on September 5, 2012, removing the language. The September 5, 2012 version states that “This Recommended Practice *must* be followed as a requirement for the internal linings of DOT Regulated Breakout Tanks (*emphasis added*).” Under the References heading, the procedure states that “CPPL shall use the versions that are incorporated by reference in 49 CFR 192 and 195.” The regulatory and technical reference headings follow this section and cite to 49 CFR 195.579(d) and API RP 652. I find that Phillips has adequately modified *TRP-4002-WD1*. However, Respondent included no evidence that it modified *TSP-8003, Internal Tank Linings-Protective Paint Coatings for on Shore Above-Grade Tanks and Vessels*.

Accordingly, Phillips is ordered to make additional revisions to its *TSP-8003* procedure specifically referring to 49 CFR 195.579(d) and API RP 652.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a Petition for Reconsideration of this Order Directing Amendment. The petition must be sent to: Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2<sup>nd</sup> Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. PHMSA will accept petitions received no later than 20 days after receipt of service of this Order Directing Amendment by the Respondent, provided they contain a brief statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.215. Unless the Associate Administrator, upon request, grants a stay, all other terms and conditions of this Order Directing Amendment are effective upon service in accordance with 49 C.F.R. § 190.5.

*for:*   
 Jeffrey D. Wiese  
 Associate Administrator for Pipeline Safety

MAR 19 2014

Date Issued

<sup>12</sup> “This Recommended Practice must be followed as a requirement for the internal linings of DOT Regulated Breakout tanks.”

<sup>13</sup> “The listed documents are not by reference part of this procedure. Reference is made only to the paragraph or section listed and not the entire document.”