

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 24, 2016

Mr. Todd Denton
President
Phillips 66 Pipeline, LLC
3010 Briarpark Drive , PWC-7109
Houston, TX 77042

CPF 4-2016-5002

Dear Mr. Denton:

On multiple occasions between April 13, 2015 to September 17, 2015, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code inspected your Phillips 66 HVL Pipeline construction in various locations in Texas.

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

- 1. §195.202 Compliance with specifications or standards.
Each pipeline system must be constructed in accordance with comprehensive written specifications or standards that are consistent with the requirements of this part.**

§195.246 Installation of pipe in a ditch.

- (a) All pipe installed in a ditch must be installed in a manner that minimizes the introduction of secondary stresses and the possibility of damage to the pipe.**

§195.563 Which pipelines must have cathodic protection?

(a) Each buried or submerged pipeline that is constructed, relocated, replaced, or otherwise changed after the applicable date in Sec. 195.401(c) must have cathodic protection. The cathodic protection must be in operation not later than 1 year after the pipeline is constructed, relocated, replaced, or otherwise changed, as applicable.

Phillips 66 installed multiple 10-inch pipes through a single bore hole under the San Bernard River using Horizontal Directional Drilling (HDD) as part of their Mont Belvieu to Sweeney, TX HVL pipeline construction project without having comprehensive written specifications for performing this operation as required by §195.202. The HDD process is normally performed by pulling a single pipe through a horizontally directionally drilled bore hole, and Phillips 66 has specifications for this operation. However, installing multiple pipes through the same bore without comprehensive specifications for properly performing this operation could damage the pipe, damage the pipe coating, introduce excessive stresses on a single pipe or pipes depending on how the pipes are pulled, and may not result in adequate soil compaction around each pipe to ensure adequate structural support, and may not allow transmission of cathodic protection current to the surfaces of the pipes.

Phillips 66 failed to develop written specifications to ensure that the operation of pulling multiple pipes through a single HDD bore could be done without damaging the pipes and in compliance with applicable Part 195 requirements. While Phillips 66 installed rubber rings on the outside of the multiple pipes there was no determination of spacing requirements to ensure the pipes didn't rub or impact during the operation, no stress analysis to determine if the method of pulling the multiple pipes limited the applied stresses to acceptable levels, and no specifications for determining if the pipes were adequately supported and in contact with the soil. The operator also could not show that the rubber rings used to allegedly protect the pipes from impacting during the pulling operation allowed cathodic protection current to pass through the rings to the pipe so that the area under the rings received cathodic protection current. In addition, Phillips 66 could not show that their minimum spacing requirements of 12 inches between pipes was met after installing the multiple pipes in the same bore hole.

Proposed Compliance Order

With respect to Item 1, pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Phillips 66. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. All material submit in response to this enforcement action may be 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). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

In your correspondence on this matter, please refer to **CPF 4-2016-5002** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: Response Options for Pipeline Operators in Compliance Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Phillips 66 Pipeline LLC (the Operator) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Phillips 66 Pipeline LLC with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to the installation of multiple pipes through a single HDD bore without comprehensive written specifications Phillips 66 must develop, submit and execute a plan to evaluate the integrity of the multiple pipes that were installed in this manner. The plan must include a means to evaluate each pipe for metal loss; dents; dents with metal loss; cracks; the external coating; adequate structural support of the pipes by the surrounding soil; whether the entire circumference of *each* of the pipes is in contact with the soil so that each pipe is protected from external corrosion by cathodic protection current; whether excessive secondary stresses were introduced by the installation method; whether the minimum required spacing requirements have been met; and whether the rubber spacers installed on the pipes shield the pipes from cathodic protection current. Prior to initiating the plan, Phillips 66 Pipeline must submit the proposed plan to the PHMSA Southwest Region Director for approval.
2. Phillips 66 must submit the plan described in Item 1 of this Compliance Order to the Southwest Region Director for approval within thirty (30) days of the date of the Final Order. Upon PHMSA approval of the plan, the Operator must complete all evaluations within three (3) months and submit the evaluation results, along with all supporting documents and data, to the PHMSA Southwest Region Director. If the evaluations indicate that the installation method introduced integrity threats in any of the pipes, Phillips 66 Pipeline must develop a plan to mitigate the integrity threats and submit the plan to the Southwest Region Director for approval with thirty (30) days of completing the evaluations. Upon approval of the mitigation plan by the Southwest Region Director, Phillips 66 Pipeline must complete all items in the mitigation plan to the satisfaction of the PHMSA Southwest Region Director within one-hundred twenty (120) days.
3. It is requested (not mandated) that Phillips 66 Pipeline, LLC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to R. M. Seeley, Director, Southwest 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.