



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

8701 S. Gessner, Suite 630
Houston, TX 77074

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 16, 2018

Todd Denton
President
Phillips 66 Pipeline, LLC
2331 City West Blvd.
Houston, Texas 77042

CPF 4-2018-5012W

Dear Mr. Denton:

From January 16 to August 9, 2018, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Phillips 66 Pipeline LLC's (Phillips 66) pipelines and facilities in Kansas, New Mexico, Oklahoma and Texas.

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. §195.567 Which pipelines must have test leads and what must I do to install and maintain the leads?**

(c) Maintenance. You must maintain the test lead wires in a condition that enables you to obtain electrical measurements to determine whether cathodic protection complies with §195.571.

Phillips 66 failed to maintain test lead wires in a condition that would enable them to obtain electrical measurements to determine whether cathodic protection complies with §195.71.

PHMSA reviewed Phillips 66 cathodic protection annual survey records in their Alvin, Texas office. During the review, it was observed that two test leads on line ST-18 did not have data for pipe-to-soil potential readings. There was no reading for the test lead at milepost 27 3+3 for calendar years 2015, 2016, 2017 and there were no readings for the test lead at milepost 58 13+3 for calendar years 2016, 2017. Phillips 66 stated the test leads had been damaged. The 2018 annual survey records indicated the test leads had been repaired and the pipe-to-soil potential readings were adequate.

2. §195.581 Which pipelines must I protect against atmospheric corrosion and what coating material may I use?

(a) You must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.

(b) Coating material must be suitable for the prevention of atmospheric corrosion.

(c) Except portions of pipelines in offshore splash zones or soil-to-air interfaces, you need not protect against atmospheric corrosion any pipeline for which you demonstrate by test, investigation, or experience appropriate to the environment of the pipeline that corrosion will—

(1) Only be a light surface oxide; or

(2) Not affect the safe operation of the pipeline before the next scheduled inspection.

Phillips 66 failed to protect against atmospheric corrosion at soil-to-air interfaces on their facilities at file locations.

During the field review of Phillips 66 facilities, it was observed by PHMSA that there were areas of damaged coating at soil-to air interfaces or the coating did not adequately extend beyond the ground surface and protect the soil-to-air interface. The following table lists those facilities and the inadequacies.

Facility	Inadequacy
Pasadena Terminal	A flange was partially buried and there was no soil-to-air interface coating
Odessa Terminal	A flange connected to the WT-10 pump was partially buried and there was no soil-to-air interface coating

Facility	Inadequacy
Borger Terminal	The scraper trap soil-to-air interface coating did not extend far enough beyond the ground surface and non-coated pipe was in contact with the ground.
Highway 8 Block Valve Line MX-10	The soil-to-air interface coating had been damaged and needed repair.
Jay Hawk Junction Line MX-10	The soil-to-air interface coating had been damaged and needed repair.

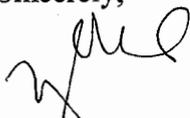
Prior to completion of the inspection, the damaged coating was repaired and soil was removed from the area around the flanges and scraper trap pipe. Phillips 66 took photographs of the repairs. The photographs were reviewed by PHMSA and the repairs were found to be acceptable.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists, up to a maximum of \$2,090,022 for a related series of violations. 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 Phillips 66 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 4-2018-5012W**. 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,



Mary E. McDaniel, P.E.
 Director, Southwest Region
 Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*