

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 20, 2018

Don J. Sorensen
Senior Vice President, Logistics
Western Refining Pipeline, LLC
19100 Ridgewood Parkway
San Antonio, Texas 78259

CPF 4-2018-5014

Dear Mr. Sorensen:

From March 7, 2017 to September 28, 2017, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Western Refining Pipelines, LLC (Western Refining) procedures for the Texas-New Mexico and Bisti Station-Gallup Pipeline Systems.

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

§195.452 Pipeline integrity management in high consequence areas.

(g) *What is an information analysis?* In periodically evaluating the integrity of each pipeline segment (paragraph (j) of this section), an operator must analyze all available information about the integrity of the entire pipeline and the consequences of a failure. This information includes:

(1) Information critical to determining the potential for, and preventing, damage due to excavation, including current and planned damage prevention activities, and development

or planned development along the pipeline segment;

(2) Data gathered through the integrity assessment required under this section;

(3) Data gathered in conjunction with other inspections, tests, surveillance and patrols required by this Part, including, corrosion control monitoring and cathodic protection surveys; and

(4) Information about how a failure would affect the high consequence area, such as location of the water intake.

Western Refining failed to demonstrate that a comprehensive analysis of all information concerning the integrity of their pipeline system and the consequence of a failure were thoroughly performed.

During PHMSA's 2017 inspection of the Integrity Management Plan at Western Refining's Bloomfield, NM office, PHMSA requested that Western Refining provide any information or risk analysis of completed by Western Refining.

Based on the information provided, PHMSA identified that Western Refining failed to analyze all available information concerning the integrity of the entire pipeline and the consequences of a failure:

- Western refining failed to appropriately integrate all of the relevant threats such as third party damage, internal corrosion, external corrosion and flood damage.
- Western Refining did not account for either changes in physical characteristics or operating conditions of different pipeline segments throughout their pipeline system.
- Western Refining failed to provide a risk comparisons study showing how threats had been eliminated and/or reduced from higher to lower risk after preventive and mitigative measures had been employed.

Therefore, Western Refining's Integrity Management Plan failed to demonstrate an information analysis that considers all available information relative to the integrity of entire pipeline system to ensure compliance with §195.452(g).

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. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violations and has recommended that you be preliminarily assessed a civil penalty of \$50,100.

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 you 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).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 190.211. 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. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF-4-2018-5014** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

Enclosures: *Proposed Compliance Order*
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 Western Refining Pipelines, LLC a Compliance Order incorporating the following remedial requirements to ensure the compliance of Western Refining Pipelines, LLC with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to Western Refining's failure to provide documentation sufficient to demonstrate that a comprehensive analysis of all information concerning the integrity of their pipeline system and the consequences of a failure were thoroughly performed, Western Refining shall develop, perform and implement an information analysis to ensure compliance with §195.452(g).
2. Provide PHMSA Southwest Region with documentation that verifies completion of Item Number 1 within 60 days following the receipt of Final Order.
3. It is requested (not mandated) that Western Refining Pipelines, LLC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Regional Director, Southwest, 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.