

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 12, 2010

Mr. Tad True
President
Belle Fourche Pipeline Company
455 N. Poplar Street
P.O. Drawer 2360
Casper, WY 82601

CPF 5-2010-5005W

Dear Mr. True:

On October 27, 2009, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Belle Fourche Pipeline Company's (BFPL) Salt Creek Tank facility northeast of Casper, WY. This inspection was conducted in response to a crude oil spill that occurred on August 10, 2009 at this facility.

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

1. §195.54 Accident reports.

(a) Each operator that experiences an accident that is required to be reported under §195.50 shall as soon as practicable but not later than 30 days after discovery of the accident, prepare and file an accident report on DOT Form 7000-1, or a facsimile.

Belle Fourche Pipeline Company did not submit an accident report within the required 30-day reporting period. On August 10, 2009, the BFPL controller failed to acknowledge a high tank alarm at the Salt Creek Facility. During the night, the tank reached overflow capacity and crude

oil spilled into the diked containment area. Eventually, the released crude spilled over the dike and onto the adjacent pipeline operator's facility. Ultimately, the crude migrated into a ditch alongside an access road to the facility. The next morning, the day shift operator arrived at the control room at approximately 0630 and immediately recognized that the tank had run over. That operator notified the downstream pipeline company of the situation and that company started their takeaway pump which stopped the further release of crude oil. Emergency response crews were immediately mobilized as well as clean up crews and equipment. PHMSA understands the response and clean up was performed adequately and to the satisfaction of the landowners.

On October 19, 2009, PHMSA became aware of this release when a representative of BFPL submitted a written report of the release to the PHMSA On-Line Data Entry System. This report is required to be submitted within 30 days following a release which meets the requirements in 195.50. The written report was required to be submitted by September 10, 2009, thirty-nine (39) days earlier than it was actually submitted.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any 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 Belle Fourche Pipeline Company 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 5-2010-5005W**. 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,

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 P. Katchmar (#127191)