

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

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

February 28, 2011

Mr. Ron McClain  
Vice President, Operation & Engineering  
SFPP, L.P.  
500 Dallas Street, Suite 1000  
Houston, TX 77002

**CPF 5-2011-5004**

Dear Mr. McClain:

On October 4, 2010, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Santa Fe Pacific Pipeline (SFPP) Line 13 and associated facilities in the State of Nevada.

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 violations are:

**1. §195.410(a)(1) Line markers.**

**(a) Except as provided in paragraph (b) of this section, each operator shall place and maintain line markers over each buried pipeline in accordance with the following:**

**(1) Markers must be located at each public road crossing, at each railroad crossing, and in sufficient number along the remainder of each buried line so that its location is accurately known.**

At the time of inspection, there was no pipeline marker at the Taylor Street crossing in Fallon, Nevada as required by §195.410(a)(1).

**2. §195.410(a)(2)(i) Line markers.**

**(a) Except as provided in paragraph (b) of this section, each operator shall place and maintain line markers over each buried pipeline in accordance with the following:**

**(2) The marker must state at least the following on a background of sharply contrasting color:**

**(i) The word "Warning," "Caution," or "Danger" followed by the words "Petroleum (or the name of the hazardous liquid transported) Pipeline", or "Carbon Dioxide Pipeline," all of which, except for markers in heavily developed urban areas, must be in letters at least 1 inch (25 millimeters) high with an approximate stroke of ¼-inch (6.4 millimeters).**

At the time of inspection, the pipeline markers at the Everett Street crossing in West Reno did not meet all the requirements of §195.410(2)(i). The word "Warning," "Caution," or "Danger" did not appear on the marker.

**3. §195.406 Maximum operating pressure.**

**(b) No operator may permit the pressure in a pipeline during surges or other variations from normal operations to exceed 110 percent of the operating pressure limit established under paragraph (a) of this section. Each operator must provide adequate controls and protective equipment to control the pressure within this limit.**

At the time of inspection of the Sparks Terminal, there were no pressure controls or protective equipment on certain portions of the terminal pipeline facilities, specifically, the transfer line to OP Reno's facility. This line can be isolated from pressure relief by valves on each end resulting in no pressure protection against thermal over-pressurization beyond its established maximum operating pressure.

On October 5, 2009, the Sparks Terminal had an in-station overpressure event during the night shift starting at 2228 after a valve to a customer's delivery line was closed, and ending at 0818 on October 6, when the customer's valve was opened. During this period of time terminal

personnel had configured valves so that product from SFPP's Line 13 was continuously flowing through the pig receiver. The operating pressure for in-station pipe exceeded the rating for the ANSI 150 components of 275 psig and SFPP's in-station maximum control pressure of 264 psig. The maximum pressure recorded was 307 psig, but this was the limit of the pressure recording equipment's range. The maximum pressure may not have been constant; however, the in-station operating pressure exceeded the maximum operating pressure (MOP) during normal operations over a period of 9 hours and 50 minutes.

SFPP's management performed an investigation of the overpressure event, report dated October 7, 2009. The report identified five corrective actions. It could not be confirmed during the inspection that all recommended corrective actions (CA's) were completed for the training of personnel, and for all station pressure control procedures, devices and facilities:

- CA2, Conduct stand-down for all facility personnel, and conduct training on procedures;
- CA3, Ensure understanding and importance of L-O&M 159 (ERL process) to all terminal personnel;
- CA4, Review/update LO&M 703 and create a guidance document giving direction and procedures how to set station over-pressure safety devices; and
- CA5, Evaluate station pressure relief devices.

At the time of this writing, it is unknown whether the CA's to ensure adequate controls and protective equipment to keep operating pressures below the MOP have been implemented.

### Proposed Compliance Order

With respect to Item 3, pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to SFPP, LP. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

### Warning Items

With respect to Items 1 and 2, 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 promptly correct these items. Be advised that failure to do so may result in SFPP, LP being subject to additional enforcement action.

### 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. 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). 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 5-2011-5004** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

Enclosures: *Proposed Compliance Order*  
*Response Options for Pipeline Operators in Compliance Proceedings*

cc: PHP-60 Compliance Registry  
PHP-500 Claude Allen (#128411)

## **PROPOSED COMPLIANCE ORDER**

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

1. In regard to Item Number 3 of the Notice pertaining to training of facility and terminal personnel (CA2 and CA3), SFPP, LP must review corrective actions taken to date, and complete as necessary. In addition, SFPP, LP must submit documentation of completed corrective training.
2. In regard to Item Number 3 of the Notice pertaining to pressure controls and protective equipment (CA4 and CA5), SFPP, LP must perform a comprehensive evaluation of the pressure control devices at all facilities from the Rocklin pump station in California to the Fallon Naval Air Station in Nevada. SFPP, LP must make changes to pressure controls and equipment as needed to fully comply with §195.406. In addition, SFPP, LP must present documentation of the review and update to “LO&M 703” and the guidance document giving direction and procedures how to set station over-pressure safety devices.
3. SFPP, LP must complete the evaluation and necessary changes within 60-days after receipt of the Final Order.
4. SFPP, LP shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Chris Hoidal, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. Costs shall 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.