

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 20, 2011

Mr. John Niemi
Manager LLC
OP Reno, LLC
1331 Christine Avenue, Suite 100
St Louis, MO 63131

CPF 5-2011-6004M

Dear Mr. Niemi:

On February 2, 2010 a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected OP Reno's operations and maintenance procedures for your Sparks Terminal in Sparks, Nevada.

On the basis of the inspection, PHMSA has identified apparent inadequate procedures found within OP Reno's plans or procedures, as described below:

1. §195.402 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

- (1) Making construction records, maps, and operating history available as necessary for safe operation and maintenance.**
- (2) Gathering of data needed for reporting accidents under Subpart B of this part in a timely and effective manner.**
- (3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.**

The operation and maintenance (O&M) manual does not adequately address many of the prescriptive requirements of Part 195. The manual references procedures, lists, standards, maps, and diagrams that are not in the manual, provides or with no explanation of how or when to use the procedures and lacks direction on where to located this information. There are also contradictions in the information including references to high level alarms in the O&M manual, but a statement that there is no high level alarm in the facility response plan; and two different monthly tank inspection forms. Finally, there are references to historic operating companies and company manuals that are not currently operating your tanks, e.g., WestPac, ST Services, EH&S Manual.

OP Reno is required to establish written procedures to address each requirement of Subpart F including referenced parts and sections. Required procedures should be comprehensive and sufficiently detailed to allow personnel to perform their duties in a safe and reliable manner. The Pipeline Safety Regulations guided by OP Reno's unique operational characteristics must be addressed by the O & M Manual. The following list is meant to summarize deficiencies or unaddressed regulatory requirements noted during our O&M Manual review:

- 195.302 General requirements.
- 195.307 (d) Pressure testing aboveground breakout tanks.
- 195.402(a) General.
- 195.402(c) Maintenance and normal operations. The manual required by paragraph (a) of this section did not adequately address the following subsections as follows:
 - (1) Records and operating history;
 - (2) Gathering data for reporting accidents;
 - (3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part;
 - (4) Determining area of immediate response;

- (5) Analyzing accidents;
 - (6) Minimizing potential for hazards;
 - (7) Startup and shutdown per the limits of 195.406;
 - (8) Monitoring facility not equipped to fail safe;
 - (9) Monitoring pressure and flow conditions, and shut-in;
 - (11) Minimizing accidental ignition of vapors;
 - (12) Establishing and maintaining liaison with appropriate public officials; and
 - (13) Periodic review of work to determine adequacy of procedures.
- 195.402(d) Abnormal operation – OP Reno’s abnormal procedures do adequately address loss of electrical power, high tank alarm, various operational alarms, abnormal flow and pressure, loss of communications, loss of SCADA. However, the procedures refer to non-functioning components (vapor recovery), non-existing components (the manual is contradictory regarding the existence of a high level alarm for the Tanks 25007 and 25008), and inadequately addresses the interaction with the upstream operator (currently SFPP) and downstream operator (currently Buckeye).
 - 195.402(e) Emergencies -- OP Reno’s emergency procedures do address evacuation, fire or explosion, and spill or leak. However, the manual should specifically address each subsection of 195.402(d). Examples of deficiencies: the manual refers to an Emergency Notification List, but does not provide one; the procedures for fire and explosion refer to EOP-STK-03, but do not provide these procedures in the manual; the procedures do not address how terminal employees would minimize exposure of the public to hazards, or evacuate the public in the area of emergency; in addition, the plan does not address having personnel, equipment, instruments, tools, and material available as needed at the scene of an emergency; no requirement for post-accident review.
 - 195.403 Emergency response training.
 - 195.404 Maps and records.
 - 195.405 Protection against ignitions and safe access/egress involving floating roofs.
 - 195.406 Maximum operating pressure. (This procedure would be minimal).
 - 195.408 Communications. This is partially addressed in various parts of the manual, but the manual should specifically address each subsection.
 - 195.420 Valve maintenance.
 - 195.422 Pipeline repairs. The repair procedures should address all applicable sections of Subpart D (construction) including welding, non-destructive testing, aboveground components, valves, impoundment, security, and records.
 - 195.424 Pipe movement. Not addressed (this requirement would be minimal, if pipe

was low stress).

- 195.428 Overpressure safety devices and overflow protection systems (at minimum this would include provision for thermal relief).
- 195.430 Firefighting equipment.
- 195.432 Breakout tanks. The manual has monthly breakout tank inspection forms that are not used, and a tank inspection form that is used, but there are no directions on when to perform the inspection. Other required inspections (Out-of-Service and In Service) per API 653 are not addressed. Requirements for an Authorized Inspector are not addressed. There are no provisions for retaining records of inspection, repairs, and response to the Authorized Inspector's recommendations.
- 195.434 Signs.
- 195.436 Security of facilities.
- 195.438 Smoking or open flames--only partially addressed.
- 195.555 What are the qualifications for supervisors?
- 195.563 Which pipelines must have cathodic protection? Although all jurisdictional piping is aboveground and cathodic protection is currently not required for the breakout tanks, OP Reno must state why it is not required and the conditions that would necessitate cathodic protection.
- 195.579 (c) and (d) What must I do to mitigate internal corrosion? This would apply to in-station pipe and breakout tanks.
- 195.581, Which pipelines must I protect against atmospheric corrosion and what coating material may I use?
- 195.583 What must I do to monitor atmospheric corrosion control?
- 195.585 What must I do to correct corroded pipe?
- 195.587 What methods are available to determine the strength of corroded pipe?
- 195.589(c) What corrosion control information do I have to maintain?

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. 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.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within [number of days] days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

In correspondence concerning this matter, please refer to **CPF 5-2011-6004M** 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

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

cc: PHP-60 Compliance Registry
PHP-500 C. Allen (#129673)