

## WARNING LETTER

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 28, 2013

Mr. Mark Petersen  
Vice President  
Sinclair Transportation Corporation  
550 East South Temple  
Salt Lake City, UT 84102

CPF 5-2013-5004W

Dear Mr. Petersen:

On July 10-12, 2012, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your operations and maintenance (O&M) procedures, records and performed a field evaluation of your facility and breakout tanks in Henderson, Colorado.

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 item inspected and the probable violation is:

1. **§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.**

Per §195.581, the operator must maintain the coating over all portions of exposed pipeline, to include breakout tanks. At the time of the inspection, Sinclair Transportation Company (Sinclair) had several instances of rust along the chime area of the tanks. Sinclair must maintain suitable coatings on their pipeline and breakout tanks to prevent atmospheric corrosion.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 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 item(s) identified in this letter. Failure to do so will result in Sinclair Transportation 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 5-2013-5004W**. 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 D. Hubbard (#138124)