



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 3, 2013

Mr. Todd Denton
President
Phillips 66 Pipeline LLC
3010 Briarpark Drive
PWC-7109
Houston, TX 77042

CPF 5-2013-5014W

Dear Mr. Denton:

Between July 2012 and October 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 and records of the Powder River and Borger-to-Denver systems at your Headquarter in Houston, Texas.

As a result of the inspections, it appears that Phillips 66 Pipeline LLC (P66) has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation is:

1. **§195.452 Pipeline integrity management in high consequence areas.**

(h) What actions must an operator take to address integrity issues? —(1) General requirements. An operator must take prompt action to address all anomalous conditions the operator discovers through the integrity assessment or information analysis. In addressing all conditions, an operator must evaluate all anomalous conditions and remediate those that could reduce a pipeline's integrity. An operator must be able to demonstrate that the remediation of the condition will ensure the condition is unlikely to pose a threat to the long-term integrity of the pipeline. An operator must comply with § 195.422 when making a repair.

(2) *Discovery of condition.* Discovery of a condition occurs when an operator has adequate information about the condition to determine that the condition presents a potential threat to the integrity of the pipeline. An operator must promptly, but no later than 180 days after an integrity assessment, obtain sufficient information about a condition to make that determination, unless the operator can demonstrate that the 180-day period is impracticable.

Per 195.452(h)(2), the operator must obtain sufficient information about a condition to determine if it poses a potential integrity threat (discovery) no later than 180 days after an integrity assessment, unless the operator can demonstrate that the 180-day period is impracticable. During the review of the integrity assessment of the Borger-to-Denver system, it was determined that the maximum allowable discovery date for the Spiral Magnetic Flux Leakage (MFL) assessment exceeded the 180-day period. The Spiral MFL assessment was completed on November 17, 2010 and P66 did not declare discovery of condition until June 3, 2011. Therefore, P66 did not comply with the requirements of Part 195.452(h)(2).

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 items identified in this letter. Failure to do so will result in Phillips 66 Pipeline LLC 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 5-2013-5014W**. 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 H. Nguyen/T. Larson (#140068)