



OPERATIONS OFFICES

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February 3, 2014

Mr. Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration
12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

Certified Mail No. 7011 0470 0001 3149 1098
Return Receipt Requested

RE: CPF 5-2013-6003 Notice of Probable Violation

Dear Chris:

Attached you will find a written procedure to accomplish compliance with 49 CFR §195.5 as requested by your August 7, 2013 "Notice of Probable Violation and Proposed Compliance Order" letter addressed to Bob Neufeld. The procedure also contains an anticipated completion schedule for said changes, repairs and inspections.

If you have any questions or comments concerning the above mentioned documents, please contact me at the refinery (307) 746-4445 ext. 120 between the hours of 8:00 a.m. and 4:00 p.m., Monday through Friday.

Sincerely

A handwritten signature in black ink that reads 'Nelson D. Holwell'.

Nelson D. Holwell
Pipeline Manager/ Operations

Engineer

Cc: Bob Neufeld
DOT 2014 Correspondence

Wyoming Pipeline Company
Crude Oil Pipeline
Conversion of Service Written Procedures
January 2014

Wyoming Pipeline Company
Crude Oil Pipeline System
Conversion of Service

Compliance History

Prior to October 1, 2012 Wyoming Pipeline Company (WPC) owned and operated a crude oil pipeline system consisting of roughly 138 miles of six (6), eight (8) and ten (10) inch pipe that carried crude oil from seven (7) different stations to a centralized collection station (Mush Creek Station). The crude oils were blended at Mush Creek Station and pumped into Wyoming Refining Company's Newcastle Refinery (WRC) via an 11.3 mile pipeline; the last 1.86 miles (Morrissey Road into WRC) needed to comply with Part 195. On October 1, 2012 the entire system became DOT jurisdictional and all areas were determined to be a category 3, rural, low stress pipeline (except for the 1.86 mile section mentioned earlier); thus requiring compliance with all safety requirements of §195 except for the requirements in §195.452, Subpart B and Subpart H before October 1, 2012, and comply with Subpart H by October 1, 2014. At the time of the October 2012 DOT inspection, WPC had an IMP in place for the 1.86 mile section of pipeline from Morrissey Road into WRC.

Anticipated Conversion of Service Schedule

For all lines in the system

- WPC is currently performing a Cathodic Protection Survey. Issues with the system are being address and plans made to get the system completely protected to appropriate voltages. In the summer on 2014, WPC will perform a Close Interval Survey on its Cathodic Protection System. This survey will be performed by a third party contractor.
- A new SCADA System is being installed with tank overflow interlocks, continuous operating pressure monitoring with interlocks for high and low discharge pressures, low suction pressures and case temperature shutdowns.

HA Creek to Thunder Creek

- (a)(2) All above ground locations will be inspected for external corrosion and proper wrapping at soil/air interface. If external corrosion is found, the affected area will be replaced. If pipe wrapping is insufficient, that section of pipe will be excavated and new wrapping installed so wrap covers the soil/air interface. This is tentatively scheduled to be completed by the end of the 3rd quarter of 2014
- (a)(4) Hydrotesting of this 5.6 mile pipeline section is tentatively scheduled to be completed between the 3rd and 4th quarters of 2014. This testing will be in accordance with 49 CFR §195 subpart E. A pipe sample will also be collected for alloy and tensile strength analysis.

The External 653 Inspection of Tank 106 has been performed. Construction on a 50,000 bbl tank at Thunder Creek will free up Tank 106 for an Internal 653 Inspection to be done between the 4th quarter of 2014 and 1st quarter of 2015.

Thunder Creek to Clareton Station

- (a)(2) All above ground locations will be inspected for external corrosion and proper wrapping at soil/air interface. If external corrosion is found, the affected area will be replaced. If pipe wrapping is insufficient, that section of pipe will be excavated and new wrapping installed

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so wrap covers the soil/air interface. This is tentatively scheduled to be completed by the end of the 3rd quarter of 2014

- (a)(4) Hydrotesting of this 21.1 mile pipeline section is tentatively scheduled to be completed between the 3rd and 4th quarters of 2014. This testing will be in accordance with 49 CFR §195 subpart E. A pipe sample will also be collected for alloy and tensile strength analysis.

The External 653 Inspection of Tank 105 has been performed. Construction on a 50,000 bbl tank at Thunder Creek will free up Tank 105 for an Internal 653 Inspection to be done between the 4th quarter of 2014 and 1st quarter of 2015.

A pig launcher and receiver are being installed at this location that will be capable of taking an In-Line Device (ILD). Over the next 5 years, repairs will be made to this section of pipeline so an ILD can travel down the line when the next scheduled testing is required in 2019.

WPC plans on implementing an Integrity Management Plan (IMP) on this section of pipe so the 20% SMYS limitation can be removed from this main line segment. This will be added into the current WPC IMP by the 4th quarter 2014.

Clareton Station to Mush Creek Station

This 13.31 mile section of line was replaced in 2012 so all design, construction and inspection records are available.

WPC plans on implementing an Integrity Management Plan (IMP) on this section of pipe so the 20% SMYS limitation can be removed from this main line segment. This will be added into the current WPC IMP by the 4th quarter 2014.

The External 653 Inspection of T-103 is scheduled to be completed during the 1st and 2nd Quarter of 2014. The Internal 653 Inspection on this tank is tentatively scheduled to be completed between the 3rd quarter of 2014 and 1st quarter 2015.

Lance Creek to Buck Creek

With current market conditions, this 17.9 mile section of line is to remain out of service. When conditions require this line to be put into service, hydrotesting in accordance with 49 CFR §195 subpart E will be performed to prove line integrity and a cathodic protection survey will be completed before the segment is placed into service.

Buck Creek to Mush Creek Station

- (a)(2) All above ground locations will be inspected for external corrosion and proper wrapping at soil/air interface. If external corrosion is found, the affected area will be replaced. If pipe wrapping is insufficient, that section of pipe will be excavated and new wrapping installed so wrap covers the soil/air interface. This is tentatively scheduled to be completed by the end of the 3rd quarter of 2014

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- (a)(4) Hydrotesting of this 47.8 mile pipeline section is tentatively scheduled to be completed between the 3rd and 4th quarters of 2014. This testing will be in accordance with 49 CFR §195 subpart E. A pipe sample will also be collected for alloy and tensile strength analysis.

The External 653 Inspections of T-107, T-41 and T-1 are scheduled to be completed between the 1st and 2nd Quarter of 2014. The Internal 653 Inspections on T-41 and T-1 are tentatively scheduled to be completed between the 3rd quarter of 2014 and 1st quarter 2015. An Internal 653 Inspection was performed on T-107 2006 and the next scheduled inspection is not due until 2026 per inspection records.

Pig launchers and receivers are being installed on this segment of line that will be capable of taking an In-Line Device (ILD). Over the next 5 years, repairs will be made to this section of pipeline so an ILD can travel down the line when the next scheduled testing is required in 2019.

WPC plans on implementing an Integrity Management Plan (IMP) on this section of pipe so the 20% SMYS limitation can be removed from this main line segment. This will be added into the current WPC IMP by the 4th quarter 2014.

Fiddler Creek to Mush Creek Station

- (a)(2) All above ground locations will be inspected for external corrosion and proper wrapping at soil/air interface. If external corrosion is found, the affected area will be replaced. If pipe wrapping is insufficient, that section of pipe will be excavated and new wrapping installed so wrap covers the soil/air interface. This is tentatively scheduled to be completed by the end of the 3rd quarter of 2014
- (a)(4) Hydrotesting of this 15.3 mile pipeline section is tentatively scheduled to be completed between the 3rd and 4th quarters of 2014. This testing will be in accordance with 49 CFR §195 subpart E. A pipe sample will also be collected for alloy and tensile strength analysis.

The External 653 Inspections of T-94, T-96 and T-97 are scheduled to be completed between the 1st and 2nd quarters of 2014. The Internal 653 Inspections on these tanks are tentatively scheduled to be completed between the 3rd quarter of 2014 and 1st quarter 2015.

A pig launcher and receiver are being installed at this location that will be capable of taking an In-Line Device (ILD), however this line is only used to transfer crude when inventories are high at Mush Creek Station so this line will continue to be hydrotested in accordance with 49 CFR §195 subpart E to meet the requirements under §195.452.

Mush Creek Station to WRC

This segment is the main crude supply line coming into Wyoming Refining Company (WRC) and scheduling downtime for this section of line needs to be associated with a major refinery turnaround. WRC is planning a 4-6 week turnaround in the Spring of 2015. All associated work

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requiring downtime on this section of line will be completed during this scheduled refinery turnaround.

- (a)(2) All above ground locations will be inspected for external corrosion and proper wrapping at soil/air interface. If external corrosion is found, the affected area will be replaced. If pipe wrapping is insufficient, that section of pipe will be excavated and new wrapping installed so wrap covers the soil/air interface. This is tentatively scheduled to be completed by the end of the 3rd quarter of 2014
- (a)(4) Hydrotesting of this 11.3 mile pipeline section is tentatively scheduled to be completed during the Refinery turnaround in the spring of 2015. This testing will be in accordance with 49 CFR §195 subpart E. A pipe sample will also be collected for alloy and tensile strength analysis.

The External 653 Inspections of T-102, T-101, T-100 and T-99 are scheduled to be completed between the 1st and 2nd quarters of 2014. The Internal 653 Inspections of T-101, T-100 and T-99 are tentatively scheduled to be completed between the 3rd quarter of 2014 and 1st quarter 2015. An Internal 653 Inspection was completed on T-102 in 2006 and is not due until 2016 per inspection records.

A pig launcher and receiver are being installed at this location that will be capable of taking an In-Line Device (ILD), however this line is only used to transfer crude when inventories are high at Mush Creek Station so this line will continue to be hydrotested in accordance with 49 CFR §195 subpart E to meet the requirements under §195.452.

Butte Junction to Mush Creek Station

At this time, the line has been taken out of service however WPC is replacing roughly 3 miles of this 5.6 mile section of line and is tentatively schedule to be completed before the end of 2014. All design, constructions and inspection records will available for that section of line after construction.

- (a)(4) Hydrotesting of the additional 2.6 miles of this pipeline section is tentatively scheduled to be completed during the construction of the new line. This testing will be in accordance with 49 CFR §195 subpart E.

The External 653 Inspection of T-104 is scheduled to be completed between the 1st and 2nd quarters of 2014. The Internal 653 Inspections on this tank is tentatively scheduled during the Refinery Turnaround in the spring of 2015.

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WPC Safety Improvement Costs

Compliance with CPF 5-2013-6003

Item 1 - Costs associated with preparation/revision of plans, procedures, studies and analysis

<u>To date expenditures</u>	hrs	Cost	Comments
Hobwell - Plan preparation and revisions	400	\$20,952	Created IMP for 1.86 mile non-rural, low stress pipeline that could affect an HCA. Revision and update of WPC RSPA Sequence #267 (OPA-90) and procedure creation
Fullerton - Procedure preparation	50	\$2,141	Creating operating and safety procedures
Calender - Procedure preparation	80	\$2,622	Creating Control Room Management procedure
Future expenditures			
Hobwell - Plan preparation and revisions	400	\$20,952	Revise current IMP to include main line segments, create safety procedure for crude line operation.
Fullerton - Procedure preparation	400	\$17,127	Creating operating and safety procedures
		\$63,794	Total to date and future expenditures

Item 2 - Costs associated with replacements, additions and other changes to pipeline infrastructure

<u>To date expenditures</u>	hrs		Comments
Cheyenne River-Old Woman Creek Pipeline Replacement		\$497,879	Replaced pipe at Cheyenne River Crossing and used boring technology so potential of pipeline rupture due to flooding was eliminated. Replaced pipeline at Old Woman Creek to eliminate possible leak running down OLD Woman Creek into the Cheyenne River.
Hobwell - Planning for CR OWC	200	\$10,476	Getting quotes and design work and project oversite.
Clareton Line Replacement		\$3,609,198	Replaced 13.31 miles of 8" pipeline from Clareton Station to Mush Creek Station because of poor pipe condition and leak history.
Hobwell - Planning, permitting and oversite of CLR	400	\$20,952	Getting quotes and design work, paper work to get permits from WYDEQ, WYO Game and Fish and National Grasslands and project oversite.
Bruch - Locating line and oversite of CLR	200	\$6,506	Locate old crude line and oversee new installation
McVay - Locating line and oversite of CLR	200	\$5,400	Locate old crude line and oversee new installation
Fullerton - Oversite of CLR	100	\$4,282	Oversee new installation
SCADA System Upgrade		\$99,515	We are in the initial stages of upgrade the SCADA System for the pipeline. This total is costs to date on the project which include engineering, communication upgrades and initial hardware purchases.
Hobwell - Planning and engineering	100	\$5,238	Working with Yokogawa design engineers and WPC personnel to collect I/O data, communications info, schematics and overall anticipated site layout at each pipeline station.
Fulciniti - Planning and engineering	100	\$3,025	Working with Yokogawa design engineers and WPC personnel to collect I/O data, communications info, schematics and overall anticipated site layout at each pipeline station.
Fullerton - Planning and engineering	50	\$2,141	Working with Yokogawa design engineers and WPC personnel to collect I/O data, communications info, schematics and overall anticipated site layout at each pipeline station.
Calander - Planning and engineering	50	\$1,639	Working with Yokogawa design engineers and WPC personnel to collect I/O data, communications info, schematics and overall anticipated site layout at each pipeline station.
IT Department - Planning and communications	350	\$22,000	Working with Yokogawa design engineers and WPC personnel to collect I/O data, communications info, schematics and overall anticipated site layout at each pipeline station.
Pipe purchase for Mush Creek Station to Butte Replacement		\$414,975	
		\$4,703,225	Total to date expenditures
Future Expenditures			
Pressure Testing crude system per 195 subpart E		\$1,000,000	Anticipated cost per Friends Construction
Span Replacements (Buck Creek Segment)		\$800,000	Friend Construction Quote
50,000 bbl Tank Construction @ Thunder Creek		\$2,200,000	Tank construction required for internal 653 tank inspections for Tk 105 (Thunder Creek) & Tk 106 (HA Creek)
100,000 bbl Tank Construction @ Mush Creek Station		\$2,900,000	Tank construction required for internal 653 tank inspections for Tk 102 (Mush Creek Station)
Tank 653 External and Internal Inspection and Repairs		\$500,000	For tank cleaning, waste disposal, repairs and internal tank coating of all tanks in the system.
Line wrapping and air to soil repairs		\$30,000	Dig up locations where pipe wrapping at air to soil locations is lacking.
Pig trap construction and installation	16	\$150,000	
Line Replacement between Mush Creek Station and Butte Junction		\$1,200,000	To repair line where leak history is poor.
6 new ground beds and rectifiers for Cathodic Protection		\$210,000	Per 2012 Annual Cathodic Protection Survey recommended Groundbed and Rectifier replacement at North Mush Creek, Skull Creek, Morrissey, Kane Rumney and Buck Creek and a new Rectifier and Ground bed at the north end of HA Creek Line.
Rest of SCADA System Upgrade		\$400,000	
Pipe metallurgical analysis and testing		\$15,000	
Close Interval Survey (Cathodic Protection)		\$85,000	
		\$9,490,000	Total future expenditures