

December 30, 2016

Mr. Phillip M. Anderson
President
Tesoro Logistics, LP
19100 Ridgewood Parkway
San Antonio, TX 78259-1828

Re: CPF No. 5-2015-6001

Dear Mr. Anderson:

Enclosed please find the Final Order issued in the above-referenced case. It withdraws several allegations of violation and the Proposed Compliance Order. This enforcement action is now closed. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Chris Hoidal, Director, Western Region, OPS
Mr. Aaron W. Martinez, Director, Compliance-Logistics, Tesoro Logistics, GP, LLC

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

_____))
In the Matter of))
))
Tesoro Logistics LP,))
a subsidiary of Tesoro Logistics GP, LLC))
))
Respondent.))
_____)

CPF No. 5-2015-6001

FINAL ORDER

From June 30 to July 10, 2014, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of Tesoro Logistics, LP's (Tesoro or Respondent) Tesoro Alaska Pipeline (TAPL) and Middle Ground Shoals Pipeline (MGS) facilities in Anchorage and Nikiski, Alaska. TAPL is a 10.75 inch pipeline that transports jet fuel, gasoline, and diesel fuel approximately 71 miles from Tesoro's Nikiski Refinery to the Port of Anchorage. TAPL also owns and operates MGS, a 12 inch crude oil pipeline, which currently operates at 2300 barrels per day and runs 3.8 miles in length.¹ Tesoro Logistics, LP is a Delaware limited partnership formed in December 2010 by Tesoro Corporation and its wholly-owned subsidiary, Tesoro Logistics GP, LLC.

As a result of the inspection, the Director, Western Region, OPS (Director), issued to Respondent, by letter dated June 23, 2015, a Notice of Probable Violation and Proposed Compliance Order (Notice), which also included warning items pursuant to 49 C.F.R. § 190.205. In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Tesoro had violated 49 C.F.R. §§ 195.426(a) and 195.573(c) and proposed ordering Respondent to take certain measures to correct the alleged violations. The warning items required no further action, but warned the operator to correct the probable violation or face possible enforcement action.

Respondent responded to the Notice by letter dated July 14, 2015 (Response), as well as providing supplemental responses on April 15, 2016, and April 26, 2016. Tesoro contested the allegations, presented information seeking the withdrawal of Items 1 through 4, and requested a hearing. Based on Tesoro's Response, as well as its April 15, 2016, and April 26, 2016, supplemental responses, OPS recommended that Items 1 through 4 of the Notice, as well as the Proposed Compliance Order, be withdrawn.

¹ Pipeline Safety Violation Report (Violation Report), (June 23, 2015) (on file with PHMSA), at 1.

WITHDRAWAL OF ALLEGATIONS

The Director has reviewed the information received since the date of the Notice and determined that further prosecution of this enforcement action is not warranted. Accordingly, I hereby withdraw the allegations in Items 1 through 4 of the Notice that Tesoro had committed violations of 49 C.F.R. §§ 195.426(a), 195.573(c), 195.403(c), and 195.403(b)(1-2) at the time of the June 30 to July 10, 2014 pipeline safety inspection.

WARNING ITEM

With respect to Item 5, the Notice alleged probable violations of Part 195 but did not propose a civil penalty or compliance order for this item. Therefore, this is considered to be a warning item. The warning is for:

49 C.F.R. § 195.452 (**Item 5**) — Respondent's alleged failure to complete the process required by its Standard Operating Procedures to measure and evaluate its Integrity Management program effectiveness. The forms were not completed for 2012 or 2013, but the forms were completed retroactively at the time of the PHMSA inspection and subsequently provided. The forms were identical for both years and did not indicate the year that each represented. The records indicated no use of metrics.

Tesoro presented information in its Response showing that it had taken certain actions to address the cited item. If OPS finds a violation of this provision in a subsequent inspection, Respondent may be subject to future enforcement action.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

December 30, 2016

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Date Issued