

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 26, 2016

Mr. Todd Denton
President
Phillips 66 Pipeline LLC
P.O. Box 4428
N812-03
Houston, TX 77210

CPF 5-2016-5009

Dear Mr. Denton:

On August 8 through 12, 2016, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Powder River Highly Volatile Liquid (HVL) System in La Junta, Colorado.

As a result of the inspection, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations, Part 195. The items inspected and the probable violations are:

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 system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.**

Phillips 66 Pipeline, LLC (P66) did not properly follow their written procedures for conducting their Span and Exposed Piping Inspections, including completion of their field inspection forms. At the time of inspection, it was determined that P66 personnel performed inspections of pipeline spans and exposed piping using their written procedure MPR-6020 and Form 15597-N. For the span at MP 3.63, the pipe inspection records in 2013 and 2016 identified the span length as being 46 feet in length. P66 personnel have indicated that the exposed pipe is 6.625 inch diameter, has a wall thickness of 0.188 inches and the steel material has specified minimum yield strength (SMYS) of 42,000 psig. Based on this pipe data, P66's MPR-6020, Appendix C indicates the 46 foot span exceeds the calculated maximum allowable span length of 40 feet for this pipe segment.

The 2013 inspection record used the 12-06-2007 version of Form 15597-N, and that form indicates that the unsupported span length documented in the field as 46 feet. However, neither potential integrity issues or the need for remedial action was mentioned in Form 15597-N by P66 personnel. Furthermore, the 2016 inspection record used the 2015-10-13 version of Form 15597-N. This revised form explicitly requires entries to identify the maximum allowable length of this span, the measured length of unsupported span, and whether remediation is required. However, the 2016 inspection record also did not note the span length exceeded the maximum allowed, nor did it recommend remediation for the excessive span length.

The written procedure and the Form 15597-N appear ambiguous for P66 personnel on how to complete the span evaluation task resulting in confusion about what a Span and Exposed Piping Inspection is intended to address when deficiencies are found. It's our understanding that the Form 15597-N, revision 2015-10-13, is the most recent version for Span and Exposed Piping Inspection. Interviews with P66 personnel at La Junta, Colorado regarding this form revealed that the "Other Exposed Piping" section was redundant to the "Span with Designated Support System" section and was therefore not addressed during the span inspections. P66 must conduct a review and revise their written procedures to include adequate instructions to their inspectors for properly completing Form 15597-N and identifying conditions that could adversely affect safe operation.

2. **§195.401 General requirements.**

(b) An operator must make repairs on its pipeline system according to the following requirements:

(1) Non Integrity management repairs. Whenever an operator discovers any condition that could adversely affect the safe operation of its pipeline system, it must correct the condition within a reasonable time. However, if the condition is of such a nature that it presents an immediate hazard to persons or property, the operator may not operate the affected part of the system until it has corrected the unsafe condition.

P66 failed to identify and repair a condition that could adversely affect the safe operation of the Powder River HVL pipelines. Specifically, there is a pipeline span length across an eroded gully at MP 3.63 that exceeds P66's calculated, maximum safe span length. P66 has procedures to discover conditions that could adversely affect the safe operation of their pipeline, yet repeated pipe span field inspections did not adequately identify this span for remediation or repair. Since our inspection did not visit all exposed pipe spans on the Powder River pipeline, it is unknown if other pipeline segments are in need of repair.

3. **§195.505 Qualification program.**

(h) After December 16, 2004, provide training, as appropriate, to ensure that individuals performing covered tasks have the necessary knowledge and skills to perform the tasks in a manner that ensures the safe operation of pipeline facilities; and

P66 failed to ensure that their personnel performing covered tasks have the necessary knowledge and skills to perform the tasks in a safe manner. At the time of inspection, it's determined that P66's Span and Exposed Piping Inspection is a covered task CC6020. P66 must train their personnel to ensure that the Span and Exposed Piping Inspection procedure is correctly implemented.

Proposed Compliance Order

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$205,638 per violation per day the violation persists up to a maximum of \$2,056,380 for a related series of violations. For violations occurring between January 4, 2012 to August 1, 2016, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$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 maximum penalty not exceeding \$1,000,000 for related series of violations.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

With respect to items 1, 2, and 3 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Phillips 66 Pipeline, LLC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

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.

In your correspondence on this matter, please refer to **CPF 5-2016-5009** 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

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

cc: PHP-60 Compliance Registry
PHP-500 C. Allen / T. Jez (#152708)

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Phillips 66 Pipeline, LLC (P66) a Compliance Order incorporating the following remedial requirements to ensure the compliance of P66 with the pipeline safety regulations:

1. In regard to Item 1 of the Notice pertaining to span and exposed piping inspection procedure MPR-6020 and inspection Form 15597-N, P66 must review and revise their written procedures to include step-by-step instructions to their inspectors for, adequately inspecting the spans, completing Form 15597-N and identifying conditions that could adversely affect safe operation.
2. In regard to Item Number 2 of the Notice pertaining to excessive span lengths, P66 must reevaluate all spans in the Powder River HVL System as to whether the span lengths require corrective action or remediate in a reasonable time as required by 195.401(b).
3. In regard to Item Number 3 of the Notice pertaining to training of personnel, P66 must train their personnel to the revised written procedures as required by item 1 listed above.
4. After receipt of the Final Order, P66 must complete all requirements within 30 days.
5. It is requested (not mandated) that P66 maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Chris Hoidal, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.