

**TRANSMITTED VIA EMAIL & CERTIFIED MAIL - RETURN RECEIPT
REQUESTED**

January 25, 2016

Mr. James Runyan
President
Wyoming Pipeline Company
1600 Broadway Street, Suite 2300
Denver, Colorado 80202

CPF #: 5-2015-6006S

Dear Mr. Runyan:

Enclosed is a Notice of Proposed Safety Order (Notice) issued in the above-referenced case. The Notice proposes that the Wyoming Pipeline Company take certain measures with respect to the Wyoming Crude System in Niobrara and Weston Counties, Wyoming. Your options for responding are set forth in the Notice. Your receipt of the Notice constitutes service of that document under 49 C.F.R. § 190.5.

We look forward to a successful resolution to ensure pipeline safety. Please direct any questions on this matter to me at 720-963-3160.

Sincerely,

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: Notice of Proposed Safety Order
49 C.F.R. § 190.239

cc: Mr. Claude Allen, General Engineer, Western Region, OPS
Mr. Huy Nguyen, Operations Supervisor, Western Region, OPS

**DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY**

In the Matter of)	
Wyoming Pipeline Company,)	
Respondent)	CPF No. 5-2015-6006S

NOTICE OF PROPOSED SAFETY ORDER

Background and Purpose

Pursuant to Chapter 601 of title 49, United States Code, the Pipeline and Hazardous Materials Safety Administration (PHMSA) has initiated an investigation of the safe operation of the Wyoming Crude System in Niobrara and Weston Counties, Wyoming. This system is operated by the Wyoming Pipeline Company (WPC or Respondent) and is used to transport crude oil to a refinery in Newcastle, Wyoming.

As a result of the investigation, it appears conditions exist at this facility posing a pipeline integrity risk to public safety, property, or the environment. Pursuant to 49 U.S.C. § 60117(l), PHMSA issues this Notice, notifying you of preliminary findings of the investigation, and proposing that you take measures to ensure the public, property, and the environment are protected from the potential risk.

Preliminary Findings

- The affected pipeline facility is WPC’s Crude System (the Crude System), which is used to transport crude oil to a refinery in Newcastle, Wyoming using three main trunk lines.¹ The crude oil is first transported to Mush Creek Pump Station, and then to the refinery.
- Approximately 148 miles of the Crude System are regulated rural pipelines as defined under 49 C.F.R. § 195.12. However, the Crude System has a 1.86 mile segment of 6-inch pipeline that crosses a non-rural area within the boundaries of Newcastle, Wyoming – an Other Population Area (OPA) and High Consequence Area (HCA) as defined in 49 C.F.R. §

¹ Trunk lines, or large cross-country transmission pipelines, bring crude oil from producing areas to refineries.

195.450. The Crude System also crosses the Cheyenne River, Oil Creek, Bobcat Creek, and several small streams.

- The Crude System has two idle segments consisting of 6 inch, 8 inch, and 10 inch low-stress crude oil transmission lines in Niobrara County and Weston County, Wyoming (the Affected Segments). They have been idle since 2012.²
- The first idle segment is the Lance Creek to Buck Creek Station segment, approximately 19 miles long. The second idle segment is the Buck Creek Station to Mush Creek Station segment, approximately 48 miles long. The Affected Segments are located in semi-arid, rural ranch land with a low population density and little likelihood of population growth. These locations also have right-of-ways (ROWs) traversing streams.
- On October 22, 2012, PHMSA representatives inspected the facilities and records of the WPC in Newcastle, Wyoming. At the time of inspection, WPC had failed to develop written procedures to accomplish the requirements of 49 C.F.R. § 195.5.³
- On March 26, 2014, PHMSA issued a Final Order in CPF No 5-2013-6003. Under this Final Order WPC was to complete a conversion to service under 49 CFR § 195.5 for the Crude System, which included the Affected Segments.⁴ On December 23, 2015 WPC informed PHMSA that it had completed all the Items in the Compliance Order except for Items l(b), l(c) and l(e) due to scheduling delays. An extension to complete Items l(b), l(c) and l(e) was granted until December 31, 2016. The remaining items in the Compliance Order (Items 1(a), 1(d), 1(f), l(g), l(h), and 1(i)) were deemed fulfilled and closed.
- On August 24, 2015, at approximately 3:00 pm M.S.T., a contractor working for WPC noticed a leak on a portion of the Affected Segments located approximately 0.5 miles northwest of where the Affected Segments cross Morrissey Road (Leak Site). At the Leak Site, the contractor noted approximately two to three barrels of crude oil had been released.
- On the evening of August 24, 2015, WPC sent representatives to the Leak Site to assess and repair the leak. They used an 8-inch steel clamp and 3-inch diameter rubber hole plug to temporarily repair the portion of the Affected Segments at the Leak Site. According to the

² The pumps were stopped and the valves were closed. Therefore, there is no pump head pressure, only elevation head pressure.

³ WPC's pipeline system became subject to Part 195, and therefore had to comply with the requirements of 49 C.F.R. § 195.5 by October 1, 2012 to qualify for service. Specifically, WPC operates approximately 148 miles of category 3, rural, low-stress pipeline and pipe facilities per § 195.12 (c) (3) that became effective on October 1, 2011. Per the requirements of 195.12(c) (3) (A) (iii), an operator must "comply with all safety requirements of this Part, except the requirements in §195.452, Subpart B, and the requirements in Subpart H, before October 1, 2012. Comply with Subpart H of this Part before October 1, 2014." Further, because WPC operated a 1.86 mile segment of non-rural low-stress pipeline, and because this non-rural segment could affect an "Other Populated Area (OPA)," it should have also been in compliance with all the applicable requirements of Part 195.

⁴ In order to qualify for service, the WPC pipeline had to review the design, construction, operation and maintenance history of the pipeline, perform a visual inspection and select underground segments for physical defects and operating conditions that could impair the strength or tightness of the pipeline, correct all known unsafe defects, and test the pipeline to substantiate the maximum operating pressure permitted by 49 CFR § 195.406.

repair technician, the small hole was due to internal corrosion. Following the leak, WPC did not return the Affected Segments to service, and they remained idle.

- The Leak Site encompasses rural ranch property. It impacted no waterways, had minimal environmental damage related to soil contamination, and no harm to persons or property. The leak cost approximately \$2,000.00 in damage and repairs.
- WPC estimates anywhere from 1600 to 1800 barrels remain in the Affected Segments. WPC claims that the pressure required to purge the Affected Segments would result in ruptures to the Crude System. However, WPC stated that it could tap into the line at two low spots and vacuum the line, thus removing the majority of crude remaining in the line.
- On August 25, 2015, WPC notified PHMSA of the August 24, 2015 leak by filing a PHMSA Accident Report, Hazardous Liquid Pipeline Systems # 20150302 – 20688. At this time, PHMSA became aware of numerous other past leaks in the system. Specifically, according to WPC, there were 33 releases on the Buck Creek Station segment of the Crude System from January 2009 to August 2015. The volumes ranged from five gallons to 180 bbls. While most had a relatively low impact to the environment, several releases affected small streams. The majority of these releases were caused by internal or external corrosion. Additionally, thermal expansion was a presumed factor in some releases. Although 49 C.F.R. § 195.54 requires operators to file accident reports with PHMSA after an accident, WPC did not file any accident reports for these leaks.

Proposed Issuance of Safety Order

Section 60117(l) of Title 49, United States Code, provides for the issuance of a safety order, after reasonable notice and the opportunity for a hearing, requiring corrective measures, which may include physical inspection, testing, repair, or other action, as appropriate. The basis for making the determination that a pipeline facility has a condition or conditions that pose a pipeline integrity risk to public safety, property, or the environment is set forth both in the above-referenced statute and 49 C.F.R. § 190.239, a copy of which is enclosed.

After evaluating the foregoing preliminary findings of fact and considering WPC's failure to comply with PHMSA regulations including but not limited to the failure to file accident reports for leaks occurring on the Affected Segments from January 2009 through August 2015, WPC's failure to follow a PHMSA Final Order regarding the Crude System, WPC's failure to maintain adequate cathodic protection on the Crude System, and the lack of knowledge regarding the pipeline, it appears that the continued operation of the affected pipeline facility without corrective measures would pose a pipeline integrity risk to public safety, property, or the environment.

Accordingly, PHMSA issues this Notice of Proposed Safety Order to notify Respondent of the proposed issuance of a safety order and to propose that Respondent take measures specified herein to address the potential risk.

Response to this Notice

In accordance with § 190.239, you have 30 days following receipt of this Notice to submit a written response to the official who issued the Notice. If you do not respond within 30 days, this constitutes a waiver of your right to contest 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 Safety Order. In your response, you may notify that official that you intend to comply with the terms of the Notice as proposed, or you may request that an informal consultation be scheduled. Informal consultation provides you with the opportunity to explain the circumstances associated with the risk conditions alleged in the notice and, as appropriate, to present a proposal for a work plan or other remedial measures, without prejudice to your position in any subsequent hearing.

If you and PHMSA agree within 30 days of informal consultation on a plan and schedule for you to address each identified risk condition, we may enter into a written consent agreement (PHMSA would then issue an administrative consent order incorporating the terms of the agreement). If a consent agreement is not reached, or if you have elected not to request informal consultation, you may request an administrative hearing in writing within 30 days following receipt of the Notice or within 10 days following the conclusion of an informal consultation that did not result in a consent agreement, as applicable. Following a hearing, if the Associate Administrator finds the facility to have a condition that poses a pipeline integrity risk to the public, property, or the environment in accordance with § 190.239, the Associate Administrator may issue a safety order.

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).

In your correspondence on this matter, please refer to **CPF # 5-2015-6006S** and for each document you submit, please provide a copy in electronic format whenever possible.

Proposed Corrective Measures

Pursuant to 49 U.S.C. § 60117(l) and 49 C.F.R. § 190.239, PHMSA proposes to issue a safety order to WPC to propose the following:

1. Within 30 days of receipt of this notice, WPC should develop a plan and schedule to purge the Affected Segments of all crude oil, and send this plan to the Director, Western Region, OPS (Director). Upon notice of approval, WPC must implement this plan.
2. Within 60 days of completing the proposed corrective measures stated in Item 1, WPC must submit a report to the Director showing the completion of these corrective measures.
3. The Director may grant an extension of time for compliance with any of the terms of the safety order upon a written request timely submitted demonstrating good cause for an extension.

4. Respondent may appeal any decision of the Director to the Associate Administrator for Pipeline Safety. Decisions of the Associate Administrator shall be final.
5. PHMSA requests that WPC maintain documentation of the safety improvement costs associated with fulfilling this Safety Order and submit the total to the Director. 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.

The actions proposed by this Notice of Proposed Safety Order are in addition to and do not waive any requirements that apply to Respondent's pipeline system under 49 C.F.R. Parts 190 through 199, under any other order issued to Respondent under authority of 49 U.S.C. § 60101 et seq., or under any other provision of Federal or state law.

After receiving and analyzing additional data in the course of this proceeding and implementation of the work plan, PHMSA may identify other safety measures that need to be taken. In that event, Respondent will be notified of any proposed additional measures and, if necessary, amendments to the work plan or safety order.

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

Date issued

cc: PHP-60 Compliance Registry
PHP-500 C. Allen (#151022)