



U.S. Department of Transportation
Pipeline and Hazardous Materials
Safety Administration

1200 New Jersey Ave, S.E.
Washington, D.C. 20590

JUN 27 2016

Mr. James Runyan, President
Wyoming Pipeline Company, LLC
1600 Broadway Street, Suite 1500
Denver, Colorado 80202

Re: CPF 5-2016-6001S

Dear Mr. Runyan:

Enclosed please find the Safety Order issued in the above-referenced case. It makes a finding that the Wyoming Pipeline Company, LLC's (WPC) crude oil pipeline system has a condition or conditions that pose a pipeline integrity risk and specifies actions that must be taken by WPC to ensure that the public, property, and the environment are protected from the risk. When the terms of the Safety Order have been completed, as determined by the Director, Western Region, this enforcement action will be closed. Service of the Safety Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Acting Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Nelson D. Holwell, Pipeline Manager/ Operations Engineer, WPC, P. O. Box 10,
Newcastle, Wyoming 82701
Mr. Chris Hoidal, Director, Western Region, Office of Pipeline Safety, PHMSA
Mr. Huy Nguyen, Operations Supervisor, Western Region, Office of Pipeline Safety,
PHMSA

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

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

_____)
In the Matter of)

Wyoming Pipeline Company, LLC,)

Respondent.)
_____)

CPF No. 5-2016-6001S

SAFETY ORDER

On January 25, 2016, the Region Director for the Western Region (Region) of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), issued a Notice of Proposed Safety Order (Notice) to Wyoming Pipeline Company, LLC (WPC or Respondent), which operates the Wyoming Crude System in Niobrara and Weston Counties, Wyoming. The Notice alleged that certain conditions existed on the Crude System that posed an integrity risk to public safety, property, or the environment and proposed that WPC take certain corrective measures to remedy the alleged conditions on the Crude System and ensure that the public, property, and the environment were protected from the potential risk.

WPC responded to the Notice by timely submitting a written letter on February 25, 2016 and March 15, 2016 (Response). In its Response, WPC neither contested the allegations set forth in the Notice nor requested an informal consultation or hearing. Therefore, WPC has waived its right to both. Because 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, PHMSA hereby issues this Safety Order.

I. Findings of Pipeline Integrity Risk

Respondent did not contest the proposed findings in the Notice that its Crude System has a condition or conditions that pose a pipeline safety risk. Accordingly, pursuant to 49 U.S.C. § 60117(l) and 49 CFR § 190.239, I find as follows:

1. The affected pipeline facility is WPC's Crude System (Crude System), which is used to transport crude oil to a refinery in Newcastle, Wyoming, using three main trunk lines. The crude oil is first transported to WPC's Mush Creek Pump Station and then to the refinery.

2. Approximately 148 miles of the Crude System are regulated low-stress 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 Populated Area (OPA) and High Consequence Area (HCA) as defined in 49 C.F.R. § 195.450. The Crude System also crosses the Cheyenne River, Oil Creek, Bobcat Creek, and several small streams.

3. The Crude System has two 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). In 2012, the pumps for these two segments were shut down and mainline valves closed. Crude oil was present in many of the segments. These two segments are not currently operating and the only pressure on the line is due to elevation changes.

4. The first segment is the Lance Creek to Buck Creek Station segment, approximately 19 miles long. The second 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 traversing streams.

5. On October 22, 2012, a PHMSA representative inspected the facilities and records of 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. § 195.5.¹

6. On March 26, 2014, PHMSA issued a Final Order to WPC 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.² On December 23, 2015, WPC informed PHMSA that it had completed all the Items in the Compliance Order and contained in the Final 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.

7. 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.

¹ 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, and "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.

² In order to qualify for service, WPC 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 C.F.R. § 195.406.

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

9. The Leak Site encompasses rural ranch property. The leak impacted no waterways, had minimal environmental damage (related to soil contamination), and caused no harm to persons or property. The leak cost approximately \$2,000 in damage and repairs.

10. 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.

11. 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. WPC did not file any accident reports for these leaks.

II. Determination of Necessity for 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.

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 maintain adequate corrosion protection on the Crude System, and the lack of knowledge regarding the pipeline, I find that the continued operation of the Affected Segments without corrective measures would pose a pipeline integrity risk to public safety, property, or the environment. Accordingly, PHMSA issues this Safety Order, which requires that Respondent take certain measures specified below to address the potential risk.

III. Required Corrective Actions

Pursuant to 49 U.S.C. § 60117(l) and 49 C.F.R. § 190.239, WPC must take the following corrective actions with respect to the Affected Segments:

1. WPC must gain written approval from the Director, Western Region, OPS (Director) of its plan and schedule to purge the Affected Segments of all crude oil, as set forth in its Response Plan (Plan).³ As part of its Plan, WPC must identify additional steps to reduce the probability of leaks, and to monitor the right-of-way and purging pressure for evidence of a leak.⁴ Upon notice of approval from the Director, WPC must implement the 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. Thereafter, WPC must submit reports to the Director every 180 days to provide updated information on the pipeline system.
3. 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.

In your correspondence on this matter, please refer to **CPF No. 5-2016-6001S** and for each document you submit, please provide a copy in electronic format whenever possible.

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).

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.

³ On February 25, 2016, and March 15, 2016, PHMSA received two written responses from WPC. The company stated that it had already purged the Lance Creek to Buck Creek segment. The responses also included a plan to purge the entire Affected Segments, with proposed completion dates.

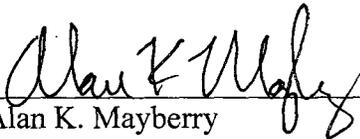
⁴ In its February 25, 2016 response to PHMSA, WPC proposed splitting the project into three sections to reduce the pressure required to push foam pigs. Although this is a primary way to reduce the possibility of a rupture, it does not eliminate the possibility of a leak on a highly corroded pipeline. Therefore, PHMSA requests additional information in WPC's Plan to address the minimization of potential leaks on the Affected Segments.

Respondent may appeal any decision of the Director to the Associate Administrator for Pipeline Safety. Decisions of the Associate Administrator shall be final.

The actions proposed by this 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, PHMSA may identify other safety measures that WPC needs to take. In that event, Respondent will be notified of any proposed additional measures and, if necessary, amendments to the Safety Order.

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



Alan K. Mayberry

Acting Associate Administrator for Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

JUN 27 2016

Date issued