



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

1200 New Jersey Avenue SE
Washington DC 20590

MAY 10 2018

Mr. William Pate
President and CEO
Par Pacific Holdings, Inc.
One Memorial Plaza
800 Gessner Road, Suite 875
Houston, TX 77024

Re: CPF No. 5-2017-6023

Dear Mr. Pate:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and assesses a civil penalty of \$81,800 against your subsidiary, Wyoming Pipeline Company, LLC. This is to acknowledge receipt of payment of the full penalty amount, by wire transfer, dated October 31, 2017. This enforcement action is now closed. Service of the Final Order by certified mail is effective upon the date of mailing as provided 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: Director, Western Region, Office of Pipeline Safety, PHMSA
Mr. Michael Farnsworth, Senior Vice President and Refinery Manager, Wyoming
Pipeline Company, LLC, 10 Stampede Street, Newcastle, WY 82701

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)

Wyoming Pipeline Company, LLC,)
a subsidiary of Wyoming Refining Company,)

Respondent.)
_____)

CPF No. 5-2017-6023

FINAL ORDER

From December 13-15, 2016, 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 Wyoming Pipeline Company, LLC (WPC or Respondent), in Newcastle, Wyoming. Respondent operates approximately 150 miles of 6-, 8-, and 10-inch, low-stress, crude oil pipelines in Niobrara and Weston Counties, Wyoming. Approximately 148 miles are regulated rural pipelines, and approximately 1.86 miles cross a small non-rural area within Newcastle, Wyoming. WPC transports crude oil to Wyoming Refining Company's refinery. WPC is a subsidiary of Wyoming Refining Company.¹

As a result of the inspection, the Director, Western Region, OPS (Director), issued to Respondent, by letter dated August 15, 2017, a Notice of Probable Violation and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that WPC had violated 49 C.F.R. §§ 195.420(b), 195.428(a), and 195.583(a) and proposed assessing a civil penalty of \$81,800 for the alleged violations.

WPC responded to the Notice by letter dated September 14, 2017 (Response). In its Response, the company did not contest the allegations of violation but requested that the civil penalty be reevaluated. Subsequently, on October 31, 2017, WPC paid the proposed administrative civil penalty of \$81,800 by wire transfer, as provided under 49 C.F.R § 190.227. In accordance with 49 C.F.R. § 190.208(a)(1), such payment authorizes the Associate Administrator to make findings of violation and to issue this final order without further proceedings. Respondent did not request a hearing and therefore has waived its right to one.

¹ US SEC Form 10-K, Par Pacific Holdings, Inc., *available at* http://www.edgarexplorer.com/EFX_dll/EdgarPro.dll?FetchFilingHTML1?SessionID=jajsqfEcPY-9E-9&ID=11916133 (last accessed January 23, 2018). *Note*, Par Pacific Holdings is the parent of Hermes Consolidated, LLC (d/b/a Wyoming Refining Company).

FINDINGS OF VIOLATION

In its Response, WPC did not contest the allegations in the Notice that it violated 49 C.F.R. Part 195, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.420(b), which states:

§ 195.420 Valve maintenance.

(a) ...

(b) Each operator shall, at intervals not exceeding 7½ months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

The Notice alleged that Respondent violated 49 C.F.R. § 195.420(b) by failing to inspect each mainline valve to determine that it was functioning properly, at intervals not exceeding 7½ months but at least twice each calendar year. Specifically, the Notice alleged that WPC had seven mainline valves but it failed to conduct 14 inspections in 2013 (i.e., $7 \times 2 = 14$), eight inspections in 2014, eight inspections in 2015, and one inspection in 2016.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.420(b) by failing to inspect each mainline valve to determine that it was functioning properly, at intervals not exceeding 7½ months but at least twice each calendar year.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 195.428(a), which states:

§ 195.428 Overpressure safety devices and overfill protection systems.

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

The Notice alleged that Respondent violated 49 C.F.R. § 195.428(a) by failing to inspect and test each overpressure safety device to determine that it was functioning properly, was in good mechanical condition, and was adequate from the standpoint of capacity and reliability of operation for the service in which it was used, at intervals not exceeding 15 months but at least twice each calendar year. Specifically, the Notice alleged that WPC failed to have any records of over-pressure protection inspections for the following 13 over-pressure safety devices in 2015:

- Mush Creek Station: One overpressure switch, one pressure sender, and three pressure relief valves;
- Thunder Creek Station: One overpressure switch, one pressure sender, and two

- pressure relief valves;
- Butte Junction Station: One pressure sender and one pressure relief valve; and
- HA Creek Station: One overpressure switch and one pressure sender

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.428(a) by failing to inspect and test 13 overpressure safety devices to determine that they were functioning properly, were in good mechanical condition, and were adequate from the standpoint of capacity and reliability of operation for the service in which they were used, at intervals not exceeding 15 months but at least twice each calendar year.

Item 3: The Notice alleged that Respondent violated 49 C.F.R. § 195.583(a), which states:

§ 195.583 What must I do to monitor atmospheric corrosion control?

(a) You must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:

If the pipeline is located:	Then the frequency of inspection is:
Onshore	At least once every 3 calendar years, but with intervals not exceeding 39 months
Offshore	At least once each calendar year, but with intervals not exceeding 15 months

The Notice alleged that Respondent violated 49 C.F.R. § 195.583(a) by failing to inspect each pipeline or portion of pipeline for evidence of atmospheric corrosion at least once every three calendar years, but with intervals not exceeding 39 months. Specifically, the Notice alleged that WPC failed to inspect the following six pipeline facilities at least once between 2014 and 2016:

- Mush Creek to Buck Creek segment;
- Buck Creek to Lance Creek segment;
- Fiddler Creek facility;
- Mush Creek facility; and
- Mainline valves at Simmons Creek and Cheyenne River crossings.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.583(a) by failing to inspect each pipeline or portion of pipeline for evidence of atmospheric corrosion at least once every three calendar years, but with intervals not exceeding 39 months.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations.² In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; any effect that the penalty may have on its ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require. The Notice proposed a total civil penalty of \$81,800 for the violations cited above.

Item 1: The Notice proposed a civil penalty of \$31,100 for Respondent's violation of 49 C.F.R. § 195.420(b), for failing to inspect each mainline valve from 2013 to 2016 to determine that it was functioning properly at intervals not exceeding 7½ months, but at least twice each calendar year. In its Response, WPC did not contest the allegation of violation but requested that the penalty be reviewed. Subsequently, on October 31, 2017, Respondent paid the proposed civil penalty in full. Under 49 C.F.R. § 190.208(a)(1), such payment waives WPC's opportunity to contest the penalty amount. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$31,100 for violation of 49 C.F.R. § 195.420(b).

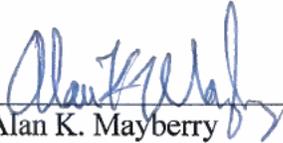
Item 2: The Notice proposed a civil penalty of \$26,600 for Respondent's violation of 49 C.F.R. § 195.248(a), for failing to inspect and test each overpressure safety device to determine that it was functioning properly, was in good mechanical condition, and was adequate from the standpoint of capacity and reliability of operation for the service in which it was used at intervals not exceeding 15 months, but at least twice each calendar year. WPC neither contested the allegation nor presented any evidence or argument justifying a reduction in or elimination of the proposed penalty. Respondent paid the penalty in full on October 31, 2017. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$26,600 for violation of 49 C.F.R. § 195.248(a).

Item 3: The Notice proposed a civil penalty of \$24,100 for Respondent's violation of 49 C.F.R. § 195.583(a), for failing to inspect each pipeline or portion of pipeline for evidence of atmospheric corrosion at least once every three calendar years, but with intervals not exceeding 39 months. WPC neither contested the allegation nor presented any evidence or argument justifying a reduction in or elimination of the proposed penalty. Respondent paid the penalty in full on October 31, 2017. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$24,100 for violation of 49 C.F.R. § 195.583(a).

² These amounts are adjusted annually for inflation. *See, e.g.*, Pipeline Safety: Inflation Adjustment of Maximum Civil Penalties, 82 Fed. Reg. 19325 (April 27, 2017).

In summary, having reviewed the record and considered the assessment criteria for each of the items cited above, I assess Respondent a civil penalty of **\$81,800**, which was paid in full by wire transfer on October 31, 2017.

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



Alan K. Mayberry
Associate Administrator
for Pipeline Safety

MAY 10 2018

Date Issued