

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 15, 2017

Mr. Michael Farnsworth
Senior Vice President
Wyoming Pipeline Company
10 Stampede Street
Newcastle, WY 82701

CPF 5-2017-6023

Dear Mr. Farnsworth:

During the week of December 13 through 15, 2016, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected your Wyoming Pipeline Company's (WPC) crude oil pipeline facilities in the Newcastle area of Wyoming.

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 (CFR). The items inspected and the probable violations are:

1. **§195.420 Valve maintenance.**
(b) Each operator shall, at intervals not exceeding 7 1/2 months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

WPC did not inspect each mainline valve to determine that it was functioning properly at intervals not exceeding 7 ½ months, but at least twice each calendar year. At the time of the PHMSA inspection, WPC identified seven (7) mainline valves (MLVs) on its pipeline. WPC had no valve inspection records¹ or other supporting evidence to show that valve maintenance was conducted on its seven (7) MVLs in accordance with 49 C.F.R. §195.420(b) for the following years:

- 2013 (entire calendar year – 14 inspections);
- 2014 (second inspection, with exception of 1 MLV – 8 inspections);
- 2015 (entire calendar year for 4 MLVs – 8 inspections); and
- 2016 (first inspection on Fiddler – 1 inspection).

By not performing the requisite mainline valve maintenance every 7½ months, but at least twice each calendar year between 2013 and 2016 to ensure they were functioning properly, WPC violated 49 C.F.R. §195.420(b).²

2. §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.

WPC 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 a 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 had at least thirteen (13) over-pressure safety devices in its crude oil pipeline system, including high-pressure shut-down switches and pressure senders for the pumps, as well as pressure relief valves downstream of the pumps. At the time of PHMSA inspection, WPC did not have any records for its over-pressure protection inspections for 2015. The following facilities have a total of 13 overpressure safety devices which were not inspected and tested in 2015:

- Mush Creek Station: 1 Overpressure Switch, 1 Pressure Sender, and 3 Pressure Relief Valves;
- Thunder Creek Station: 1 Overpressure Switch, 1 Pressure Sender, and 2 Pressure Relief Valves;

¹ 49 C.F.R. §195.404(c).

² Violation Report at pp. 5-6.

- Butte Junction Station: 1 Pressure Sender and 1 Pressure Relief Valve;
- HA Creek Station: 1 Overpressure Switch and 1 Pressure Sender.

WPC did not produce records or other substantiating evidence to demonstrate that it had inspected and tested its pressure control equipment to determine that it was functioning properly, was in good mechanical condition, and was adequate from a standpoint of capacity and reliability of operation for the service in which it was used. Thus, by not performing 13 overpressure device inspections at the requisite intervals in 2015, WPC violated 49 CFR. §195.428(a).

**3. §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 onshore then the frequency of inspection is at least once every 3 calendar years, but with intervals not exceeding 39 months.

WPC violated §195.583(a) by not inspecting each pipeline or portion of pipeline for evidence of atmospheric corrosion between 2014 and 2016, and also by not substantiating with records as required by §195.589(c). For the time period covered by this inspection, at least one 3-year inspection cycle should have occurred for at least 6 pipeline facilities, resulting in missing inspections as follows:

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

Proposed Civil Penalty

As of April 27, 2017, under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists up to a maximum of \$2,090,022 for a related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violations and has recommended that you be preliminarily assessed a civil penalty of \$81,800.00 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$31,100.00
2	\$26,600.00
3	\$24,100.00

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. All material you submit in response to this enforcement action may be 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).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 190.211. 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. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 5-2017-6023** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Kim West
Acting Director, Western Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*

cc: PHP-60 Compliance Registry
PHP-500 C. Allen (# 153591)
Mr. Matt Vaughn, SVP & General Counsel Par Pacific, 800 Gessner Road, Suite 875
Houston, TX 77024