



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 16, 2018

Mr. Don Sorenson
Senior Vice President, Logistics
Tesoro Alaska Pipeline Company LLC
19100 Ridgewood Parkway
San Antonio, TX 78259

CPF 5-2018-6009W

Dear Mr. Sorenson:

On September 11 through 20, 2017, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Tesoro Alaska Pipeline Company LLC (Tesoro) procedures and records in Nikiski and Anchorage, Alaska.

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. § 195.446 Control Room Management.**
(c) Provide adequate information. Each operator must provide its controllers with the information, tools, processes and procedures necessary for the controllers to carry out the roles and responsibilities the operator has defined by performing each of the following:

(4) Test any backup SCADA systems at least once each calendar year, but at intervals not to exceed 15 months;

Records which demonstrate that the backup SCADA system has been tested at least once each calendar year, at intervals not to exceed 15 months, are not adequate. No Tesoro Alaska Pipeline (TAPL) testing records exist prior to 2017.

2. §195.446 Control Room Management.

(c) Provide adequate information. Each operator must provide its controllers with the information, tools, processes and procedures necessary for the controllers to carry out the roles and responsibilities the operator has defined by performing each of the following:

(4) Test any backup SCADA systems at least once each calendar year, but at intervals not to exceed 15 months;

The testing records, which verify that there are adequate processes in place for decision-making and internal communications to successfully implement a transition from primary SCADA to backup SCADA, and back to primary SCADA, are incomplete. No such TAPL records of testing and verification exist prior to 2017.

3. § 195.446 Control Room Management.

(c) Provide adequate information. Each operator must provide its controllers with the information, tools, processes and procedures necessary for the controllers to carry out the roles and responsibilities the operator has defined by performing each of the following:

(4) Test any backup SCADA systems at least once each calendar year, but at intervals not to exceed 15 months;

The TAPL records are incomplete as relating to the sampling of critical functions of the back-up SCADA system. Such testing validates the proper operation of the backup system. No such TAPL records of sampling or validating the critical functions in the back-up SCADA system exist prior to 2017.

4. § 195.446 Control Room Management.

(e) Alarm management. Each operator using a SCADA system must have a written alarm management plan to provide for effective controller response to alarms. An operator's plan must include provisions to:

(4) Review the alarm management plan required by this paragraph at least once each calendar year, but at intervals not exceeding 15 months, to determine the effectiveness of the plan;

TAPL records do not indicate review of the alarm management plan at least once each calendar year, but at intervals not exceeding 15 months, in order to determine the effectiveness of the plan. Tesoro staff conducted alarm management plan reviews on January

21, 2016 and August 31, 2017, thus exceeding the maximum interval of 15 months. Further, Tesoro Compliance and Deviation Policy 10.2 was not followed in 2016 and 2017 since only two staff members completed the review. Tesoro's policy states: "The following list identifies the key personnel required for the compliance review to be considered complete: DOT Compliance Manager, Logistics Regional Managers, Shift Leaders/Supervisors, Controller." The Tesoro 2016 and 2017 CRM Annual Review Forms were only signed by two individuals whose staff positions are unidentified. It is unclear whether the individuals held any one of the 4 identified positions.

5. § 195.446 Control Room Management.

(h) Training. Each operator must establish a controller training program and review the training program content to identify potential improvements at least once each calendar year, but at intervals not to exceed 15 months. An operator's program must provide for training each controller to carry out the roles and responsibilities defined by the operator. In addition, the training program must include the following elements:

TAPL records do not indicate processes have been implemented to review the controller training program content to identify potential improvements at least once each calendar year, but at intervals not to exceed 15 months. Tesoro staff conducted training manual reviews on January 21, 2016 and August 31, 2017, thus exceeding the maximum interval of 15 months. Further, Tesoro Compliance and Deviation Policy 10.2 was not followed in 2016 and 2017 since only two staff members completed the review. Tesoro's policy states: "The following list identifies the key personnel required for the compliance review to be considered complete: DOT Compliance Manager, Logistics Regional Managers, Shift Leaders/Supervisors, Controller." The Tesoro 2016 and 2017 CRM Annual Review Forms were only signed by two individuals whose staff positions are unidentified. It is unclear whether the individuals held any one of the 4 identified positions.

6. § 195.589 What corrosion control information do I have to maintain?

(c) You must maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist. You must retain these records for at least 5 years, except that records related to §§ 195.569, 195.573(a) and (b), and 195.579(b)(3) and (c) must be retained for as long as the pipeline remains in service.

Records do not document inspection of all aboveground pipe exposed to atmospheric corrosion. No TAPL coating inspection reports for the Nikiski terminal pig launcher were available.

7. **§ 195.222 Welders and welding operators: Qualification of welders and welding operators.**
(a) Each welder or welding operator must be qualified in accordance with section 6, section 12 or Appendix A of API Std 1104 (incorporated by reference, see § 195.3), or section IX of ASME Boiler and Pressure Vessel Code (BPVC), (incorporated by reference, see § 195.3), except that a welder or welding operator qualified under an earlier edition than an edition listed in § 195.3, may weld but may not re-qualify under that earlier edition.

TAPL integrity assessment and remediation projects records were incomplete regarding repairs requiring welding performed by qualified welders with qualified welding procedures.

The Welder Qualification Records for Jarid Bush were incomplete at the time of inspection. The records did not indicate what type of test the welder was qualifying to perform and whether the welder was determined to be qualified. Further, the records fail to indicate whether the qualifying weld was visually inspected and determined to be acceptable according to the requirements of API 1104, Section 6.4. The welder qualification records fail to record whether the welder complied with or was even aware of the pre-heat requirements of Tesoro WPS P42. At the time of the welder's P42 test the ambient temperature was recorded as 47° F. Tesoro WPS P24 specifies "At temperatures below 50° F: The preheat temperature shall be 150° F. Min. - 250° F. Max."

The Welder Qualification Records for Nick Wagner and Josh Walters were also incomplete at the time of inspection. The records did not indicate whether the welders were determined to be qualified. Further, the records fail to indicate whether the qualifying welds were visually inspected and determined to be acceptable according to the requirements of API 1104, Section 6.4. The welder qualification records failed to record whether the welders complied with or were even aware of the pre-heat requirements of Tesoro WPS P60. At the time of the welder's P60 tests the ambient temperature was recorded as 47° F. Tesoro WPS P60 specifies "At temperatures below 50° F: The preheat temperature shall be 150° F. Min. - 250° F. Max."

8. **§ 195.228 Welds and welding inspection: Standards of acceptability.**
(a) Each weld and welding must be inspected to insure compliance with the requirements of this subpart. Visual inspection must be supplemented by nondestructive testing.

TAPL records were not adequate to determine whether the new welds were inspected and examined in accordance with §§ 195.228 or 195.234. The inspection records were not signed and dated.

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. For violations occurring prior to November 2, 2015, 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. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the items identified in this letter. Failure to do so will result in Tesoro Alaska Pipeline Company LLC being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2018-6009W**. 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).

Sincerely,

A handwritten signature in black ink, appearing to read 'Kim West', written in a cursive style.

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

cc: PHP 60 - Compliance Registry
PHP 500 - M. Chard (#155158)