



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

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

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

December 9, 2019

Mr. Don Sorensen
Senior Vice President, Logistics
Tesoro Logistics, Northwest Pipeline LLC
19100 Ridgewood Parkway
San Antonio, TX 78259

CPF 5-2019-5015

Dear Mr. Sorensen:

On March 11 through 13, 2019, a representative of the Washington Utilities and Transportation Commission (UTC) on behalf of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Tesoro Logistics, Northwest Pipeline LLC (Tesoro)'s Pasco Terminal breakout tanks in Pasco, Washington.

As a result of the inspection, it is alleged that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The item inspected and the probable violation is:

1. **§ 195.402 Procedural manual for operation, maintenance and emergencies.**

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling of abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year and appropriate changes made as necessary to ensure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

Tesoro did not prepare and follow a manual of written procedures for conducting normal operations and maintenance activities for each pipeline system. Specifically, Tesoro failed to follow Sections 4.3.5 and 4.4.5 of its written procedures which required that “[t]he Director, Integrity shall document the disposition of each recommendation, including the engineering justification for any recommendations which were determined to not be necessary” regarding internal and external inspections of breakout tanks. During the inspection, the operator could not provide documentation for Breakout Tanks 3, 4, 9, 12 and 14 in accordance with Sections 4.3.5 and 4.4.5 of its procedures.

Proposed Compliance Order

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022. 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 propose a civil penalty assessment at this time.

With respect to item one pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Tesoro Logistics, Northwest Pipeline LLC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement Proceedings*. Please refer to this document and note the response options. 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).

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 5-2019-5015** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



Dustin Hubbard
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

cc: PHP-60 Compliance Registry
PHP-500 A. Ceartin (#166461)
Sean Mayo, Pipeline Safety Director, Washington Utilities and Transportation
Commission

PROPOSED COMPLIANCE ORDER

Pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Tesoro Logistics, Northwest Pipeline LLC (Tesoro) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Tesoro with the pipeline safety regulations:

1. In regard to Item 1 of the Notice pertaining to no records for Breakout Tanks 3, 4, 9, 12, and 14 in accordance with Sections 4.3.5 and 4.4.5 of Tesoro's written procedures, the operator shall document the disposition of each recommendation for each breakout tank, including providing engineering justification for any recommendations which were determined to not be necessary. This written documentation shall be provided to the Director within 60 days of receipt of this Final Order.
2. It is requested (not mandated) that Tesoro maintain documentation of the safety improvement costs associated with fulfilling this compliance 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.