

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 13, 2019

Mr. Gary Koegeboehn
VP, Pipeline Operations
Nustar Pipeline Operating Partnership, L.P.
19003 IH-10 WEST
San Antonio, TX, 78257

CPF 5-2019-6009W

Dear Mr. Koegeboehn:

From April 29 through May 3, 2019, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected your Sinclair to Rawlins, Wyoming Diesel Line in near Rawlins, 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. § 195.452 Pipeline integrity management in high consequence areas.

(j) *What is a continual process of evaluation and assessment to maintain a pipeline's integrity?*

(2) *Evaluation.* An operator must conduct a periodic evaluation as frequently as needed to assure pipeline integrity. An operator must base the frequency of evaluation on risk factors specific to its pipeline, including the factors specified in paragraph (e) of this section...

At the time of inspection, Nustar stated that no evaluations have been performed on the facilities that could affect a High Consequence Area: Sinclair Pump Station and Rawlins Railroad delivery point. Evaluations would include integrity assessments such as visual inspections, direct inspections, and other evaluations appropriate for the identified threats and risks at that facility.

2. § 195.452 Pipeline integrity management in high consequence areas.

(i) What preventive and mitigative measures must an operator take to protect the high consequence area?

(1) General requirements. An operator must take measures to prevent and mitigate the consequences of a pipeline failure that could affect a high consequence area. These measures include conducting a risk analysis of the pipeline segment to identify additional actions to enhance public safety or environmental protection. Such actions may include, but are not limited to, implementing damage prevention best practices, better monitoring of cathodic protection where corrosion is a concern, establishing shorter inspection intervals, installing EFRDs on the pipeline segment, modifying the systems that monitor pressure and detect leaks, providing additional training to personnel on response procedures, conducting drills with local emergency responders and adopting other management controls.

At the time of inspection, consideration and implementation of preventive and mitigative measures had not been completed on the facilities that could affect a High Consequence Area: Sinclair Pump Station and Rawlins Railroad delivery point.

3. § 195.452 Pipeline integrity management in high consequence areas.

(f) What are the elements of an integrity management program?

(3) An analysis that integrates all available information about the integrity of the entire pipeline and the consequences of a failure...;

Regarding prioritization for analysis and evaluation, the analysis for relative risk ranking for all Nustar facilities appears to not directly account for all available information. A discussion of risks confirmed that Nustar is cognizant of many of the appropriate risks including corrosion and leak history. However, the relative risk ranking record appears not to directly address those appropriate risks. The ranking considers five (5) factors: 1) API Class 1 Piping Present, 2) Piping in an HCA, 3) Jurisdictional Piping, 4) NuStar Owned Facility, and 5) Site Type. Although API Class 1 determination is based on the consequence of failure, prioritization for analysis and evaluation should analyze all available information.

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 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 Nustar Pipeline Operating Partnership 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 2019-6009W**. 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,

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

cc: PHP-60 Compliance Registry
PHP-500 C. Allen (#163215)