

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

December 12, 2019

Mr. Shawn Lyon
President
Marathon Pipe Line LLC
200 East Hardin Street
Findlay, Ohio 45840

CPF 5-2019-6010W

Dear Mr. Lyon:

Between November 27, 2018 and August 15, 2019, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected your¹ Middle Ground Shoal crude oil pipeline (MGS) in Nikiski, 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 At the beginning of the inspection Tesoro Alaska Pipeline Company LLC was the operator of the MGS pipeline.

1. § 195.446 Control room management.

(a) ...

(j) *Compliance and deviations.* An operator must maintain for review during inspection:

(1) Records that demonstrate compliance with the requirements of this section;

Tesoro Logistics Operations, LLC's (TLO) records were inadequate because they were incomplete and lacked sufficient information to demonstrate the following tasks were completed as required:

- Test any backup SCADA systems at least once each calendar year, but at intervals not to exceed 15 months as required by § 195.446(c)(4), and;
- Review the alarm management plan required by § 195.446(e) *to determine the effectiveness of the plan*, as required by § 195.446(e)(4).

The 2018 "BCC (Backup Control Center) Test Critique Form" was not dated, therefore it is not possible to verify the TLO completed the test within the time frame required by § 195.446(c)(4).

The 2017 and 2018 "Control Room Management Review" records were incomplete. The reviewer did not make an indication in "Were Controllers interviewed?" boxes on page 3. The records were left blank under the sections titled "Reviewed Findings and Action Items" and "Documentation and Systems Affected by Changes." The reviews were cursory and not sufficient to determine the effectiveness of the plan.

2. § 195.581 Which pipelines must I protect against atmospheric corrosion and what coating material may I use?

(a) ...

(b) Coating material must be suitable for the prevention of atmospheric corrosion.

The polyethylene wrap was not adhered to the MGS pipeline where it transitions from above-grade to below-grade at the pig launcher site.

This deficiency was documented in an API-570 Visual Inspection Report completed in February 2017 by HSI Group Inc. The report recommended review, and potential remediation, of this atmospheric corrosion issue. This issue was still existing during the August 2019 field observations and TLO had no documentation to demonstrate the findings and recommendations from the API-570 report were reviewed or implemented.

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 Marathon Pipe Line 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 5-2019-6010W**. 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 G. St. Pierre (# 162677)
Alonso Rodriguez (via electronic mail)
Andy Richardson (via electronic mail)
Juliana Galvis (via electronic mail)