

WARNING LETTER

VIA E-MAIL TO MR. TODD DENTON

May 20, 2022

Mr. Todd Denton
President
Phillips 66 Pipeline, LLC
3010 Briar Park Drive
PWC-7109
Houston, TX 77042

CPF 5-2022-033-WL

Dear Mr. Denton:

From August 16 through August 19, 2021, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected your Portland Terminal in Portland, Oregon.

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. §195.402 Procedural manual for operations, 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 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 insure 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.

Phillips 66 failed to follow their written procedure P66-MPR-6005 for Valve Inspection, Testing and Maintenance, Rev. 12, Effective Date Sept. 11, 2018. Section 10.2 states, in relevant part: "...If valve is Remote-operated by Control Center, contact the Control Center prior to performing the task, as the Control Center will see a change in status. Under no circumstances shall the Control Center issue a close command to a remote-operated valve on a flowing pipeline."

During the inspection, PHMSA reviewed Phillip 66's valve inspection records for KM MOV¹ #296 for January 27, 2019, July 19, 2019, January 22, 2020, and July 27, 2020. The records failed to demonstrate that the control room was contacted prior to performing the task, as required by Section 10.2 of the procedure.

2. §195.403 Emergency Response Training.

(a) . . .

(b) **At intervals not exceeding 15 months, but at least once each calendar year, each operator shall:**

(1) **Review with personnel their performance in meeting the objectives of the emergency response training program set forth in paragraph (a) for this section; and**

(2) **Make appropriate changes to the emergency response training program as necessary to ensure that it is effective.**

Phillips 66 failed to review with personnel their performance in meeting the objectives of the emergency response training program and make appropriate changes to the program to ensure it is effective at intervals not exceeding 15 months, but at least once each calendar year.

During the inspection, only one record (a screenshot with a date of December 11, 2020) could be provided to PHMSA. Records for 2018 and 2019 could not be provided to demonstrate the company had conducted the requisite reviews.

3. §195.404 Maps and records.

(a)...

(c) **Each operator shall maintain the following records for the periods specified:**

(1)...

(3) **A record of each inspection and test required by this subpart shall be maintained for at least 2 years or until the next inspection or test is performed, whichever is longer.**

Phillips 66 failed to maintain a record of each inspection and test required under Part 195, Subpart F for at least 2 years or until the next inspection or test is performed, whichever is longer. During the inspection, Phillips 66 did not provide documentation from 2018-2021 to

¹ MOV stands for motor-operated valve.

demonstrate that protection against ignitions during inspections and tests of its aboveground breakout tanks was in accordance with API RP 2003 under § 195.404(a), nor did its O&M manual explain why compliance with the standard was not necessary for the safety of its breakout tanks. Phillips 66 informed PHMSA that it uses a third-party contractor to perform operations and maintenance activities for its breakout tanks. However, pursuant to § 195.10, it is the responsibility of the operator to demonstrate compliance with the record-keeping requirements set forth in § 195.404(c).

4. §195.404 Maps and records.

(a)...

(c) Each operator shall maintain the following records for the periods specified:

(1)...

(3) A record of each inspection and test required by this subpart shall be maintained for at least 2 years or until the next inspection or test is performed, whichever is longer.

Phillips 66 failed to maintain a record of each inspection and test required under Part 195, Subpart F for at least 2 years or until the next inspection or test is performed, whichever is longer. During the inspection, Phillips 66 did not provide documentation from 2018-2021 to demonstrate that during inspections and tests of its aboveground breakout tanks, its procedures regarding hazards associated with access/egress under § 195.404(b) were followed. Phillips 66 informed PHMSA that it uses a third-party contractor to perform operations and maintenance activities for its breakout tanks. However, pursuant to § 195.10, it is the responsibility of the operator to demonstrate compliance with the record-keeping requirements set forth in § 195.404(c).

5. §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 7 ½ 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.

Phillips 66 failed to 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 at the requisite intervals. During the inspection, records could not be provided for the inspections of the overpressure protection devices in calendar year 2019.² (The May 1, 2020 inspection record was incorrectly dated May 2019.)

² See 195.404(c)(3) (requiring each operator to maintain records of inspections and tests for at least 2 years).

Additionally, inspection records for the pressure transmitter on the KM line, dated May 26, 2021 and May 28, 2020, indicated that the point is not a safety-related point. All points related to over pressure protection are safety-related. These records also incorrectly indicated that the product is "gas" rather than non-HVL. Phillips 66 should take care to ensure that records used to demonstrate compliance are free from errors and correct dates are recorded.

6. §195.581 Which pipelines must I protect against atmospheric corrosion and what coating material may I use?

(a) You must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.

Phillips 66 failed to clean and coat each pipeline or portion of pipeline exposed to the atmosphere in accordance with § 195.581(a). During the inspection, PHMSA reviewed the 2019 atmospheric inspection records for tank numbers 2915, 3408 and 3409 (dated June 24, 2019), which indicated that coating/painting deterioration had occurred. Although the records indicated that corrective actions were required, repair records to demonstrate completion of the recommended corrective actions could not be provided to PHMSA during the inspection.³

7. §195.589 What corrosion control information do I have to maintain?

(a)...

(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.

Phillips 66 could not provide records for 2018 to demonstrate compliance with § 195.589(c). Specifically, annual pipe-to-soil readings for breakout tanks could not be provided for 2018.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,142 for a related series of violations. For violation occurring on or after May 3, 2021 and before March 21, 2022, the maximum penalty may not exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019 and before January 11, 2021, the maximum penalty may not 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.

³ See 195.404(c)(2) (requiring each operator to maintain records of repairs for at least 1 year).

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.

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 Phillips 66 Pipeline, 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 5-2022-033-WL**. 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, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 D. Fehling, L. Green (#21-228051)