

Her, Nkauj CTR (PHMSA)

Subject: FW: Response to CPF No 3-2020-5028W
Attachments: Response to CPF No 3-2020-5028W Warning Letter Final.pdf
Importance: High

From: Tullio, Todd L [<mailto:Todd.L.Tullio@p66.com>]
Sent: Tuesday, December 1, 2020 9:25 AM
To: Ochs, Gregory (PHMSA) <Gregory.Ochs@dot.gov>
Cc: Sauer, Doug B <Doug.B.Sauer@p66.com>; Fuksa, Todd T <Todd.T.Fuksa@p66.com>; Tullio, Todd L <Todd.L.Tullio@p66.com>
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Good morning Mr. Ochs,
Provided in this email is Phillips 66 response to the warning letter that we received during the Central Region Integrated Inspection on the Bakken assets (Sacagawea Pipeline). Phillips 66 will not be sending a hard copy of this response, unless requested by your office. I have included a read receipt so Phillips 66 can track the document. Please let us know if you have any questions.

Thanks,



Todd Tullio
Regulatory Compliance Manager, Midstream

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December 1, 2020

Gregory Ochs Director, Central Region
Pipeline Hazardous Materials Safety Administration
901 Locust Street
Kansas City, MO 64106

RE: CPF No. 3-2020-5028W

Dear Mr. Ochs:

On March 25 – 29 and September 9 - 13, 2019, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Phillips 66 Pipeline LLC's (Phillips 66) the records and field assets for Sacagawea Pipeline in Houston, Texas and Keene, North Dakota.

This letter is in response to the Warning Letter dated November 5, 2020 issued by the U.S. Department of Transportation Pipeline Hazardous Materials Safety Administration (PHMSA) and received by Phillips 66 Pipeline LLC (Phillips 66) on November 5, 2020.

By submitting this response, Phillips 66 does not waive any right, privilege or objection that it may have in any separate or subsequent proceeding related in any way to the information provided in this response.

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:

Warning Letter Item 1: \$195.49 Annual report.

Each operator must annually complete and submit DOT Form PHMSA F 7000-1.1 for each type of hazardous liquid pipeline facility operated at the end of the previous year. An operator must submit the annual report by June 15 each year, except that for the 2010 reporting year the report must be submitted by August 15, 2011. A separate report is required for crude oil,

HVL (including anhydrous ammonia), petroleum products, carbon dioxide pipelines, and fuel grade ethanol pipelines. For each state a pipeline traverses, an operator must separately complete those sections on the form requiring information to be reported for each state.

PHMSA Concerns:

Phillips 66 failed to submit accurate and complete annual reports for the Sagawea Pipeline. Specifically, Phillips 66 did not include high consequence area (HCA) mileage in its 2016 annual report. Additionally, breakout tanks were missing from the 2016 and 2017 annual reports. Phillips 66 personnel stated there should have been 3 breakout tanks listed in the 2016 annual report and 5 in the 2017 annual report. Phillips 66 has submitted supplemental Annual Reports for 2016 and 2017 to correct these inaccuracies.

Phillips 66 Response:

Phillips 66 has corrected the items listed above. The issues with the HCA and tanks being excluded was due to a change in jurisdiction of the pipeline assets after the completion of an additional tie in.

Warning Letter Item 2: §195.404 Maps and records.

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

(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.

§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 7½ 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.

PHMSA Concerns:

Phillips 66 failed to maintain a record of each inspection and test required under §195.428(a). Specifically, Phillips 66 did not maintain a 2018 inspection record for the following overpressure safety devices: PIT-1003, PIT-1404-01, PIT-1403-01, PIT-0704-02 and PIT-1704-02.

Phillips 66 Response:

Phillips 66 has corrected the items listed above. These devices were added to an SAP notification that will provide an annual reminder on when the inspections need to be performed.

Warning Letter Item 3: §195.573 What must I do to monitor external corrosion control?

(d) Breakout tanks. You must inspect each cathodic protection system used to control corrosion on the bottom of an aboveground breakout tank to ensure that operation and maintenance of the system are in accordance with API RP 651 (incorporated by reference, see §195.3). However, this inspection is not required if you note in the corrosion control procedures established under §195.402(c)(3) why complying with all or certain operation and maintenance provisions of API RP 651 is not necessary for the safety of the tank.

PHMSA Concerns:

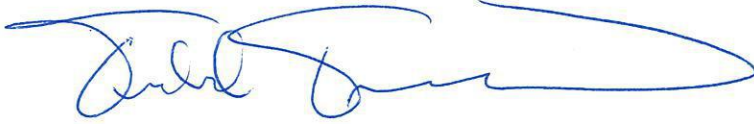
Phillips 66 failed to inspect each cathodic protection system used to control corrosion on the bottom of an aboveground breakout tank to ensure that the operation and maintenance of the system are in accordance with API RP 651. Specifically, Phillips 66 did not conduct annual cathodic protection (CP) surveys pursuant to API RP 651 on its Stanley breakout tanks in 2018. The Phillips 66 technicians stated that there was some confusion as to which assets at the Stanley facility, which was commissioned in 2017, were operated by Phillips 66 and what portions were DOT regulated. The technicians recorded some readings on the pipelines running to the breakout tanks, but did not take CP readings of the tanks themselves during the 2018 CP annual survey. It was not until 2019, when Phillips 66's 2019 annual survey showed recorded CP readings on the tanks.

Phillips 66 Response:

Phillips 66 has corrected the items listed above. The area has undergone a jurisdictional review and all regulated assets have been identified and included in the CP program.

Please let me know if you have any questions or comments regarding this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Todd Tullio', with a long horizontal flourish extending to the right.

Todd Tullio
Manager, Regulatory Compliance

CC. Doug Sauer/Phillips 66