



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety Administration**

901 Locust Street, Suite 480
Kansas City, MO 64106

WARNING LETTER

VIA ELECTRONIC MAIL TO: reclark@patokaterminal.com; jhinton@patokaterminal.com

June 7, 2022

Richard Clark
Terminal Manager and President
Patoka Terminal Company, LLC
1402 Dickey Pond Rd
Vernon, IL 62892

CPF 3-2022-004-WL

Dear Mr. Clark:

From September 13 to 16, 2021, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Patoka Terminal Company, LLC's (Patoka) procedures, records, and field assets in Vernon, Illinois.

As a result of the inspection, it is alleged that Pakota has 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.

Patoka failed to follow the guidelines established in its procedure, P-195.402(a) - Operations and Maintenance Procedure Update, for documenting the annual reviews and any updates of the Operations and Maintenance manual and any documents incorporated by reference into the manual. Specifically, Revision 1 of this procedure requires the documentation of this activity in form F-195.402(a), contractor's report, or other equivalent form as long as it contains all relevant information. However, Patoka was unable to produce any records showing the annual manual review was completed in the calendar year 2020.

2. §195.402 Procedural manual for operations, maintenance, and emergencies.

(a)

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations...

(13) Periodically reviewing the work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found.

Patoka failed to follow the guidelines established in its procedure, P-195.402(c)(13) - Review of Work Done By Operator, for documenting the periodic review of the work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found. Specifically, Revision 1 of this procedure requires the above review at least once every three years as well as the documentation of this activity in form F-195.402(c)(13), contractor's report, or other equivalent form as long as it contains all relevant information. However, Patoka was unable to produce any records showing periodic review of work done by operator personnel to determine the effectiveness of the procedures since 2018.

3. § 195.505 - Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

(a)

(i) After December 16, 2004, notify the Administrator or a state agency participating under 49 U.S.C. Chapter 601 if the operator significantly modifies the program after the administrator or state agency has verified that it complies with this section. Notifications to PHMSA may be submitted by electronic mail to InformationResourcesManager@dot.gov, or by mail to ATTN: Information Resources Manager DOT/PHMSA/OPS, East Building, 2nd Floor, E22-321, New Jersey Avenue SE., Washington, DC 20590.

Patoka failed to notify the PHMSA Administrator when it significantly modified its written Operator Qualification Program (OQ) in 2017. The OQ program was modified in its entirety to clarify program requirements and transition to the Common Covered Task List administered/managed by the Veriforce Operator group. However, the notification of this significant modification was not previously submitted as required by section 11.7 of Patoka OQ program. Patoka submitted the OQ program modifications to PHMSA on September 02, 2021.

4. §195.61 National Pipeline Mapping System.

(a)

(b) This information must be submitted each year, on or before June 15, representing assets as of December 31 of the previous year. If no changes have occurred since the previous year's submission, the operator must refer to the information provided in the NPMS Operator Standards manual available at www.npms.phmsa.dot.gov or contact the PH61MSA Geographic Information Systems Manager at (202) 366-4595.

Patoka failed to submit the information required by paragraph (a) of § 195.61 on or before June 15, representing its assets as of December 31 of the previous calendar year. Patoka failed to submit: 1) Geospatial data, attributes, metadata, and transmittal letter appropriate for use in the National Pipeline Mapping System; 2) the name of and address for the operator; and 3) the name and contact information of a pipeline company employee, to be displayed on a public website, who will serve as a contact for questions from the general public about the operator's NPMS data for its assets as of December 31, 2018, by the due date of June 15, 2019. Patoka also made a late notification submission on December 11, 2020, confirming there have been no changes to the existing NPMS data for the calendar year 2019, which exceeds the June 15, 2020 deadline by 179 days.

5. § 195.583 What must I do to monitor atmospheric corrosion control?

(a) You must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:

If the pipeline is located:	Then the frequency of inspection is:
Onshore	At least once every 3 calendar years, but with intervals not exceeding 39 months.
Offshore	At least once each calendar year, but with intervals not exceeding 15 months.

Patoka failed to perform atmospheric corrosion monitoring at least once every 3 calendar years, but with intervals not exceeding 39 months. According to the atmospheric corrosion inspection records, the regulated pipeline was inspected on October 09, 2020, and previously on February 23, 2017, which did not meet the required maximum interval of 39 months between inspections.

6. §195.507 Recordkeeping.

Each operator shall maintain records that demonstrate compliance with this subpart.

(a)

(b) Records supporting an individual's current qualification shall be maintained while the individual is performing the covered task. Records of prior qualification and records of individuals no longer performing covered tasks shall be retained for a period of five years.

Patoka did not maintain records that demonstrated compliance with Part 195, Subpart G - Qualification of Pipeline Personnel. At the time of the inspection, Patoka did not provide records of prior qualification demonstrating how it ensured through evaluation that the employees performing the covered task of “Patrolling Pipeline and Leakage Survey Without Instrument” in calendar years 2018 and 2020 were properly qualified as specified in the table below.

Performing Individual	Qualification Date	Covered Task Performance Dates
Current Employee # 1	06/18/2019	Majority of 2018
Current Employee # 2	03/11/2020	3/15/2018, 3/30/2018, 5/02/18, 7/25/2018 and 10/22/2018
Current Employee # 3	03/23/2020	01/06/2020, 01/09/2020, 01/20/2020, 02/03/2020, 02/19/2020, 03/02/2020 and 03/16/2020

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. 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 Patoka Terminal Company, LLC being subject to additional enforcement actions.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 3-2022-004-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,

Gregory A. Ochs
Director, Central Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

cc: Jesse Hinton, Terminal Manager Assistant, jhinton@patokaterminal.com