

WARNING LETTER

VIA ELECTRONIC MAIL TO: Brad.Barron@nustarenergy.com;
gary.koegeboehn@nustarenergy.com

June 13, 2023

Mr. Brad Barron
President and Chief Executive Officer
NuStar Pipeline Operating Partnership, L.P.
19003 IH-10 West
San Antonio, TX 78257

CPF 3-2023-018-WL

Dear Mr. Barron:

From May 3, 2022, through December 1, 2022, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected NuStar Pipeline Operating Partnership, L.P.'s (NuStar) anhydrous ammonia pipeline facilities in Louisiana, Arkansas, Missouri, Iowa, Indiana, Illinois, and Nebraska.

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. **§ 195.262 Pumping Equipment.**
 - (a) . . .
 - (b) **The following must be provided in each pump station:**
 - (1) . . .
 - (2) **A device for the emergency shutdown of each pumping station.**

NuStar failed to comply with the regulation because it did not provide a device for the emergency shutdown (ESD) of each pump station. An ESD is a device that is designed to

initiate a shutdown of a pump station or a facility in the event of an emergency. During the on-site inspection of the J1 station, PHMSA observed that there was no ESD device for the entire pump station.

After PHMSA discovered the deficiency, NuStar installed an ESD near the pumping station motor control building, which was completed on November 30, 2022.

2. § 195.583 What must I do to monitor atmospheric corrosion control?

(a) . . .

(b) During inspections you must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.

NuStar failed to comply with the regulation because the company did not give particular attention to pipe under the insulation covering the meter provers during inspections to monitor for atmospheric corrosion at two locations. NuStar's Corrosion Control Procedure Manual, Version 6.0, in Section 4.2.3 "Coating Condition" states that piping under thermal insulation must be evaluated for corrosion and provides guidance on methodology to inspect the piping. In addition, Section 4.2.3 states that the external condition of the coating is to be visually inspected with gradings of Excellent, Good, Fair, Poor, and Very Poor.

During the field inspection, PHMSA observed insulation on meter prover piping at Blair Delivery Station and Washington Station that prevented visual observation of the piping. In addition, inspection records for these locations did not indicate the piping was inspected for atmospheric corrosion under the thermal insulation.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$257,664 per violation per day the violation persists, up to a maximum of \$2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022 and before January 6, 2023, the maximum penalty may not 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 NuStar 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 3-2023-018-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: Gary Koegeboehn
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