

# BRACEWELL

April 27, 2023

## By Electronic Mail

Lawrence T. White, Esq.  
Presiding Official  
Office of Chief Counsel  
Pipeline and Hazardous Materials Safety Administration  
U.S. Department of Transportation  
1200 New Jersey Avenue SE  
Washington, DC 20590

### **Re: Phillips 66 Pipeline LLC, CPF No. 4-2022-006-NOPV Withdrawal of Request for Hearing**

Dear Mr. White:

On behalf of Phillips 66 Pipeline LLC (Phillips 66 or the Company), this letter is to acknowledge that the Company and the Pipeline and Hazardous Materials Administration (PHMSA) Southwest Region have reached an agreement that resolves all claims in the above-referenced Notice of Probable Violation (NOPV). As such, and as set forth in the Consent Order and Agreement issued by PHMSA on April 26, 2023, Phillips 66 is, without admission, withdrawing its request for hearing.

PHMSA issued the NOPV to Phillips 66 on September 16, 2022, alleging three violations of 49 C.F.R. Part 195, including two alleged violations with associated proposed civil penalties and one warning item. Two of the allegations in the NOPV relate to a release of 6.50 barrels of crude oil from a newly constructed breakout tank at the Helena Terminal in Karnes County, Texas. After discovering the release – which remained fully contained on terminal property – only four days after the tank was placed into service, Phillips 66 timely reported the release to the National Response Center as required by the federal pipeline safety regulations, initiated its own internal investigation to determine the cause of the release, and inspected other tanks at the terminal to verify the integrity of its system. Unrelated to the release, the warning item pertains to the Company's decision to utilize an exemption provided by API 650 and permitted under the federal pipeline safety regulations to forgo hydrostatic testing of tanks at two facilities in Wink and Crane, Texas based on the Company's determination that it lacked access to a sufficient amount of water required for filling the relevant tanks during testing and a method of disposing of the water after completing the testing.

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Phillips 66 contested the underlying violations and associated civil penalties, on the basis that the NOPV allegations were based on a misapplication of fact and law and that the civil penalties associated with the violations were disproportionate in light of the nature of the release and the Company's efforts to address the release and verify the integrity of its system. To resolve the discrepancies within the NOPV, Phillips requested a hearing and the opportunity to meet informally with the Southwest Region to discuss these issues in more detail. Pursuant to those discussions, Phillips 66, without admission and for purposes of settlement only, entered into a Consent Agreement with PHMSA to resolve this matter. As a result, and as required by the terms of the Consent Order and Agreement issued by PHMSA, the Company is hereby withdrawing its request for hearing.

Respectfully submitted,



Catherine D. Little