U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 6, 2013

Mr. Robert Neufeld
VP, Environmental and Governmental Affairs
Wyoming Pipeline Co.
1600 Broadway, Suite 2300
Denver, CO 80202

CPF 5-2013-6003

Dear Mr. Neufeld:

On October 22, 2012, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Crude Oil Pipeline system near Newcastle, Wyoming.

As a result of the inspection, it appears that you have committed violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation is:

1. **§195.5 Conversion to service subject to this part.**

(a) A steel pipeline previously used in service not subject to this part qualifies for use under this part if the operator prepares and follows a written procedure to accomplish the following:

(1) The design, construction, operation, and maintenance history of the pipeline must be reviewed and, where sufficient historical records are not available, appropriate tests must be performed to determine if the pipeline is in satisfactory condition for safe operation. If one or more of the variables necessary to verify the design pressure under §195.106 or to perform the testing under paragraph (a) (4) of this section is unknown, the design pressure may be verified and the maximum operating pressure determine by-

(i) Testing the pipeline in accordance with ASME B31.8, Appendix N, to produce a stress equal to the yield strength; and

(ii) Applying, to not more than 80 percent of the first pressure that produces a yielding, the design factor F in §195.106(a) and the appropriate factors in §195.106(e).

(2) The pipeline right-of-way, all aboveground segments of the pipeline, and appropriately selected underground segments must be visually inspected for physical defects and operating conditions which reasonably could be expected to impair the strength or tightness of the pipeline.

(3) All known unsafe defects and conditions must be corrected in accordance with this part.

(4) The pipeline must be tested in accordance with the subpart E of this part to substantiate the maximum operating pressure permitted by §195.406.

(b) A pipeline that qualifies for use under this section need not comply with the corrosion control requirements of subpart H of this part until 12 months after it is placed into service, notwithstanding any previous deadlines for compliance.

(c) Each operator must keep for the life of the pipeline a record of the investigations, tests, repairs, replacements, and alterations made under the requirements of paragraph (a) of this section.

At the time of inspection, Wyoming Pipeline Company (WPC) failed to develop written procedures to accomplish the requirements of §195.5 for its crude oil pipeline system near New Castle, Wyoming. WPC operates approximately 148 miles of category 3, rural, low-stress pipeline and pipe facilities per §195.12(c) (3) that became effective on October 1, 2011. Per the requirements of 195.12(c) (3) (A) (iii), an operator must "*comply with all safety requirements of this Part, except the requirements in §195.452, Subpart B, and the requirements in Subpart H, before October 1, 2012. Comply with Subpart H of this Part before October 1, 2014.*" In addition, WPC operates a 1.86 mile segment of non-rural low-stress pipeline that up until recently had not been considered by WPC as subject to Part 195. However, this non-rural segment that is defined as could affect an "Other Populated Area (OPA)" should already be in compliance with all the applicable requirements of Part 195. Therefore, WPC must immediately comply with all the applicable requirements of Part 195 for the non-rural low-stress segment.

Proposed Compliance Order

With respect to item number 1 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Wyoming Pipeline Company. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. 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). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

In your correspondence on this matter, please refer to **CPF 5-2013-6003** and for each document you submit, please provide a copy in electronic format to PHP-WRADMIN@dot.gov whenever possible.

Sincerely,

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

cc: PHP-60 Compliance Registry
PHP-500 C. Allen/D. Hubbard (#139527)

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Wyoming Pipeline Company (WPC) a Compliance Order incorporating the following remedial requirements to ensure the compliance of WPC with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to the written conversion-to-service plan, WPC must provide documentation and evidence to PHMSA showing compliance with the following items for their crude oil system:

   - WPC must evaluate whether SCADA hardware is adequate to indicate accurate display of their system, flow rates, and discharge pressures, and the pressure polling is frequent enough to capture the peak operating pressures, especially during abnormal events.

   - WYC must evaluate the requirement for thermal pressure controls or procedural controls on segments that can be isolated, and WPC must determine the maximum operating pressure as required by §195.406 to include the process in accordance with §195.106 for segments where pipe material properties are unknown.

   - WPC must evaluate the material specifications or conduct the test results for metallurgy of 1.86 mile segment and the Clariton to Mush Creek segment to ensure the maximum operating pressure was established in accordance with §195.406 (195.402(c)(3), 195.406(a), 195.406(b), 195.302(b), 195.302(c)). WPC must maintain the records of the maximum operation pressure for the Clariton to Mush Creek segment, and the 1.86 mile of could affect an HCA segment.

   - WPC must evaluate the requirement to determine overfill protection devices for all atmospheric breakout tanks need to be installed, inspected, and tested as required by §195.428 for the breakout tanks 94, 97, 99, 100, 101, 103, 106, and 239.

   - WPC must evaluate the requirement to determine External, Ultrasonic Thickness, and/or Internal API 653 inspections as required by §195.432(b) for the breakout tanks 94, 97, 99, 100, 101, 102, 103, 104, 105, 106, and 239. At minimum, WPC must perform External Inspections per section 6.3.2, Ultrasonic Inspections per section 6.3.3.2(a) of API 653 within 5 years, and Internal inspections per section 6.4.2.2 of API 653 within 10 years, unless WPC can demonstrate the alternate inspection intervals to establish corrosion rates. Alternatively, if there was an unsafe condition, WPC shall repair the unsafe condition per the requirements of §195.401(b). Note: The conditions of several of the steel atmospheric tanks appear to be unacceptable. The bolted tanks 99, 100, 101 at Mush Creek PS, 103 at Clariton (disconnected), and 97 Fidlar Creek have very significant corrosion and integrity problems in shell and bottom, and there are visible leakage problems at the chimes and near the floors.

- WPC must establish a written external coating procedure as required by §195.402(c) (3), §195.557(b), and §195.559 for the pipelines that have been converted to liquid service and were constructed after the applicable date in accordance with §195.401(c).

- WPC must establish a written Cathodic Protection procedure for the pipeline that have been placed into service as required by §195.402(c) (3), §195.563(b), and §195.573(e), i.e. the 1.86 mile non-rural low-stress pipeline segment that could affect an HCA. Note: The 148 miles of rural low-stress pipeline must comply with Subpart H by October 1, 2014 as required by §195.12(c)(3)(A)(iii).

- WPC must evaluate their Cathodic Protection program for all the atmospheric breakout tanks in according to API 651. WPC must develop a written Cathodic Protection procedure for their breakout tanks and correct all known unsafe defects and conditions for their breakout tanks to comply with Part 195.5(a)(3) and Section 4 of API 653. Note: At the time of inspection, WPC was not performing cathodic protection monitoring tests on breakout tank bottoms per 195.573(d). Tank bottom-to-soil potential readings were about -350 mV.

- WPC must evaluate their corrosion control program to include a close-interval survey, internal corrosion, external corrosion, atmospheric corrosion, Cathodic Protection (CP) test station spacing, and CP criteria. Note: At the time of inspection, WPC did not perform cathodic protection (CP) monitoring that met the criteria of §195.571 for their crude oil system. Most pipe-to-soil potential readings were taken during the field inspection appear to be much more positive than -850 mV. Many pipe-to-soil (P/S) readings in the field were about -600 mV or less, P/S readings in the HCA were about -500 mV, P/S for the breakout tanks readings were about -350 mV, and casings readings were essentially the same as the pipeline.

3. WPC has 60 days after receipt of the Final Order to complete the items.

4. It is requested (not mandated) that WPC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Chris Hoidal, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.