



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

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

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 19, 2014

Mr. Tad True
Vice President
Belle Fourche Pipeline Company
455 N Poplar St.
Casper, WY 82602

CPF 5-2014-5002W

Dear Mr. True:

Between November 14, 2011 and March 9, 2012, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code investigated a November 14, 2011 release from your Sussex Diesel Pipeline System's Davis Station southwest of Gillette, Wyoming. The release spilled 1900 barrels of diesel into the ground, causing soil contamination.

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

1. §195.116(e) Valves.

(e) Each valve other than a check valve must be equipped with a means for clearly indicating the position of the valve (open, closed, etc.).

One of the mainline valves at the Davis Station was not equipped with a means for clearly indicating the position of the valve. All three of the mainline valves at the Davis Station were housed in a below-ground steel vault. Two of the three valves – the tank inlet and the tank outlet– had valve extensions that came above-ground to enable employees to operate these two valves without entering the valve vault. However, there was no extension on the third mainline valve to indicate the valve's position.

According to interviews with your staff, Belle Fourche Pipeline Company (BFPL's) normal operating practice was to keep this mainline valve open at all times because of the elevation profile of this line. Since there was no above-ground indicator showing the valve's position as closed, BFPL employees incorrectly believed that the valve was open prior to the pipeline startup. However, at the time of the pipeline failure, the mainline valve was closed. As a result, the controller pumped against closed valves resulting in failure of the valve flange gasket and the release of 1900 barrels of diesel.

2. §195.204 Inspection - General.

Inspection must be provided to ensure the installation of pipe or pipeline systems in accordance with the requirements of this subpart. No person may be used to perform inspections unless that person has been trained and is qualified in the phase of construction to be inspected.

BFPL did not perform the required inspection of the pipeline installation that failed. BFPL could not confirm that the 4" flanged valve that failed had been inspected by a person trained and qualified to inspect the installation of a flanged valve. During the investigation, BFPL employees who performed the 2008 repair of the Davis mainline valve were interviewed. When asked who was in charge of inspecting the valve repair and flange gasket installation, each said that they remembered doing the job but nobody interviewed could remember who was in charge of inspecting the valve and valve installation. BFPL had no records regarding the 2008 installation of the new Davis mainline valve.

3. §195.422(a) Pipeline Repairs.

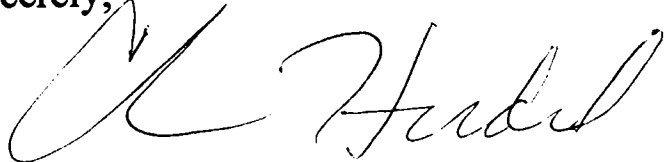
(a) Each operator shall, in repairing its pipeline systems, insure that the repairs are made in a safe manner and are made so as to prevent damage to persons or property.

BFPL documents show that the Davis mainline valve was replaced in 2008. An examination of the flange gasket after the release shows a portion of the flange did not have an indentation from the flange face. This lack of an indentation on the gasket indicates that not all of the flange bolts were properly torqued, and thus the flange seal was not properly completed. This failure to properly install the flange contributed to the pipeline release. BFPL did not insure that the repair of the pipeline (by installing a new mainline valve) was made in a safe manner and was made so as to prevent damage to persons or property.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. We understand that the valves and flanges at the Davis Station have been brought above ground, properly installed, inspected, have position indicators, and are enhance with operational instruction signs. 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 Belle Fourche 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 5-2014-5002W**. 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,



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

cc: PHP-60 Compliance Registry
PHP-500 P. Katchmar (#136756)