



U.S. Department
of Transportation

Pipeline and Hazardous
Materials Safety
Administration

1200 New Jersey Avenue, SE
Washington, D.C. 20590

JUN 16 2017

Mr. Todd Denton
President
Phillips 66 Pipeline, LLC
2331 CityWest Blvd.
HQ-08-N 812-01
Houston, Texas 77042

Re: CPF No. 5-2016-5009

Dear Mr. Denton:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and specifies actions that need to be taken by Phillips 66 Pipeline, LLC, to comply with the pipeline safety regulations. When the terms of the compliance order have been completed, as determined by the Director, Western Region, this enforcement action will be closed. Service of the Final Order by certified mail is deemed effective as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure

cc: Director, Western Region, Office of Pipeline Safety, PHMSA
Mr. Todd Tullio, Phillips 66, Regulatory Compliance Manager, 2331 CityWest Blvd.,
Houston, Texas 77042

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

§ 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.

The Notice alleged that Respondent violated 49 C.F.R. § 195.402(a) by failing to follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities. Specifically, the Notice alleged that Phillips 66 failed to follow its own written procedures for conducting Span and Exposed Piping Inspections, including completion of appropriate field-inspection forms, in 2013 and 2016.

According to the Notice, Respondent performed inspections of pipeline spans using its written procedure *MPR-6020* and *Form 15597-N*. Pursuant to the Respondent's written procedures, an exposed pipe segment at Mile Post (MP) 3.63 should have had a maximum span length of 40 feet.¹ The Notice alleged that Respondent's *Form 15597-N* from the 2013 inspection record noted that the unsupported span length at MP 3.63 was 46 feet but failed to note that there were potential integrity issues or a need for remedial action.

The Notice further alleged that in 2016, Respondent used a revised *Form 15597-N* that explicitly included entries for the maximum allowable length for a pipeline span, the measured length of an unsupported span, and whether remediation was required. However, Phillips 66 again failed to note that the span length at MP 3.63 exceeded the maximum length allowed or to recommend any remediation.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.402(a) by failing to follow its own manual of written procedures for conducting normal operations and maintenance activities.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 195.401(b)(1), which states:

§ 195.401 General requirements.

(a)

(b) An operator must make repairs on its pipeline system according to the following requirements:

(1) *Non Integrity management repairs.* Whenever an operator discovers any condition that could adversely affect the safe operation of its pipeline system, it must correct the condition within a reasonable time. However, if the condition is of such a nature that it presents an immediate hazard to persons or property, the

¹ According to the Notice, the pipeline span at MP 3.63 consists of an exposed pipe segment 6.625 inches in diameter, with a wall thickness of 0.188 inches, and is made of a steel material with a specified minimum yield strength of 42,000 psig. Pursuant to Respondent's *MPR-6020 Appendix C*, the maximum allowable span length for this pipe segment is 40 feet.

operator may not operate the affected part of the system until it has corrected the unsafe condition.

The Notice alleged that Respondent violated 49 C.F.R. § 195.401(b)(1) by failing to discover a condition that could adversely affect the safe operation of its pipeline system and correct the condition within a reasonable time. Specifically, the Notice alleged that although Phillips 66 had procedures in place to discover conditions that could adversely affect the safe operation of its pipeline, repeated pipe-span field inspections failed to identify for remediation or repair one particular span that exceeded the company's maximum safe span length.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.401(b)(1) by failing to discover a condition that could adversely affect the safe operation of the Powder River HVL pipeline system and correct the condition within a reasonable time.

Item 3: The Notice alleged that Respondent violated 49 C.F.R. § 195.505(h), which states:

§ 195.505 Qualification program.

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

(a)

(h) After December 16, 2014, provide training, as appropriate, to ensure that individuals performing covered tasks have the necessary knowledge and skills to perform the tasks in a manner that ensures the safe operation of pipeline facilities;

. . .

The Notice alleged that Respondent violated 49 C.F.R. § 195.505(h) by failing to ensure that individuals performing the Span and Exposed Piping Inspection, a covered task, had the necessary knowledge and skills to perform this task in a manner that ensured the safe operation of the pipeline system. As stated above, the Notice alleged that Respondent's personnel performing the Span and Exposed Piping Inspection failed to identify a pipeline span that exceeded the company's maximum allowable safe span length.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.505(h) by failing to ensure that their personnel performing covered tasks had the necessary knowledge and skills to perform the tasks in a manner that ensured the safe operation of the pipeline system.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 1, 2, and 3 in the Notice for violations of 49 C.F.R. §§ 195.402(a), 195.401(b)(1), and 195.505(h), respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who

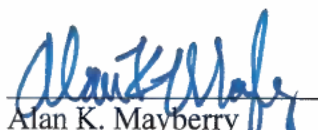
owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 195.402(a) (**Item 1**) pertaining to span and exposed piping inspection procedure *MPR-6020* and *Form 15597-N*, Respondent must review and revise its written procedures to include step-by-step instructions to its inspectors for adequately inspecting the spans, completing *Form 15597-N* and identifying conditions that could adversely affect safe operation.
2. With respect to the violation of § 195.401(b)(1) (**Item 2**), Respondent must reevaluate all spans in the Powder River HVL System as to whether the span lengths require corrective action or remediation within a reasonable time, as required by § 195.401(b).
3. With respect to the violation of § 195.505(h) (**Item 3**), pertaining to training of personnel, Respondent must train its personnel to the revised written procedures as required by Item 1 listed above.
4. Respondent must complete all requirements of the Final Order within 30 days of receipt of the Final Order.
5. It is requested (not mandated) that Phillips 66 maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Dustin Hubbard, Acting 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.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$200,000 for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

The terms and conditions of this Final Order are effective upon receipt of service in accordance with 49 C.F.R. § 190.5.


Alan K. Mayberry
Associate Administrator
for Pipeline Safety

JUN 16 2017

Date Issued