

## **WARNING LETTER**

### **CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

October 26, 2018

Mr. Don Sorensen  
Senior Vice President  
Andeavor Logistics  
19100 Ridgewood Parkway  
San Antonio, TX 78259

**CPF 5-2018-5005W**

Dear Mr. Sorensen:

Between November 13, 2017 and August 6, 2018, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected your Andeavor (Tesoro) Logistics Northwest Pipeline, LLC system located in multiple cities in the states of Utah, Idaho, Oregon and Washington.

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. **§ 195.110 External loads**
  - (a) **Anticipated external loads (e.g.), earthquakes, vibration, thermal expansion, and contraction must be provided for in designing a pipeline system. In providing for expansion and flexibility, section 419 of ASME/ANSI B31.4 must be followed. The following excerpts are from B31.4:**
    - 404.4 Flanges**
      - 404.4.1 General.** The design of flanges manufactured in accordance with para. 404.4 and standards listed in Table 426.1-1 shall be considered suitable for use at the pressure-temperature ratings as set forth in para. 404.1.2. When steel flanged fittings are used, they shall comply with ASME B16.5.

Operator did not design and construct flange connections for parts of its pipeline system in accordance with ASME B31.4, which is critical when designing a pipeline system under §195.110. Inspectors observed in the field where bolts at the flanged connections were short or not installed correctly, resulting in the nut threads not being fully engaged with the bolts threads.

**2. § 195.110 External loads**

**(a)...**

**(b) The pipe and other components must be supported in such a way that the support does not cause excess localized stresses. In designing attachments to pipe, the added stress to the wall of the pipe must be computed and compensated for.**

There are two areas of concern:

Tank 913 has inadequate supports on the insulated piping connected to the tank manway.

The following valve sites Ontario West ROV and Dixie BV were suspended in the air without any supports. There is a minimum design length for unsupported pipe and valves so that the stress put on the pipe does not exceed its minimum specified yield strength. The piping and valves appeared as though the span of pipe was potentially too long without supports.

**3. § 195.208 Welding of supports and braces**

**Supports and braces may not be welded directly to pipe that will be operated at a pressure of more than 100 p.s.i. gage.**

The inlet piping has a support welded to the pipe which is not allowed per regulations.

**4. § 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 2017 depolarization was not performed per procedure, which calls for a 12-day depolarization (depol). The depol was performed over September 5 through 7, 2017. Respondent's procedures, specifically page 15 of 52 of the Corrosion Control Program dated December 20, 2016, require a minimum of 12 days for piping or facility piping to depolarize. Tesoro failed to follow this procedure as the depolarization was performed between September 5 and 7, 2017.

5. **§ 195.412 Inspection of rights-of-way and crossings under navigable waters.**  
**(a) Each operator shall, at intervals not exceeding 3 weeks, but at least 26 times each calendar year, inspect the surface conditions on or adjacent to each pipeline right-of-way. Methods of inspection include walking, driving, flying or other appropriate means of traversing the right-of-way.**

The pipeline right-of-way cannot be observed via aerial patrol. The pipeline in the area where the pipeline was previously exposed to the atmosphere, near MP 516 is in a valley with heavy tree cover. Andeavor (Tesoro) representatives stated that aerial patrols were the only method used by Tesoro for this area.

The second area of concern, is where Tesoro failed to take into consideration the effect that trees growing over the pipeline could have on the pipeline system. The Northwest Product System has experienced leaks on or about April 2018, in areas where trees were growing over the pipeline. The school grounds in Declo, Idaho and adjacent property had areas where large trees were either directly over or very nearly over the pipeline as determined by pipeline locating by the technician during the inspection. One tree is located between the football field and elementary school, with three additional trees on the east side of the high school grounds. The pipeline crosses a canal from this area where another tree is growing over the pipe.

6. **§ 195.440 Public awareness.**  
**(a) Each pipeline operator must develop and implement a written continuing public education program that follows the guidance provided in the American Petroleum Institute's (API) Recommended Practice (RP) 1162 (incorporated by reference, see §195.3).**  
**(e) The program must include activities to advise affected municipalities, school districts, businesses, and residents of pipeline facility locations.**

Andeavor (Tesoro) did not contact an appropriate official at Northwest Middle School in Salt Lake City regarding the pipeline on the edge of the school property. The Principal had not been contacted by Tesoro about the pipeline in 2014 and a new principal who has been at the school the past two years has never been contacted. The Tesoro Public Awareness person had contact with the school janitor during his meeting with the school, but not the Principal which is responsible for developing emergency response plans at the school.

7. **§ 195.452 Pipeline integrity management in high consequence areas.**  
**(a)...**  
**(d) When must operators complete baseline assessments?**  
**(1)...**  
**(3) *Newly-identified areas.***  
**(i) When information is available from the information analysis (see paragraph (g) of this section), or from Census Bureau maps, that the population density around a pipeline segment has changed so as to fall within the definition in §195.450 of a high population area or other populated area, the operator must**

**incorporate the area into its baseline assessment plan as a high consequence area within one year from the date the area is identified. An operator must complete the baseline assessment of any line pipe that could affect the newly-identified high consequence area within five years from the date the area is identified.**

**(ii) An operator must incorporate a new unusually sensitive area into its baseline assessment plan within one year from the date the area is identified. An operator must complete the baseline assessment of any line pipe that could affect the newly-identified high consequence area within five years from the date the area is identified.**

Tesoro was aware of an increase in the population density around the pipeline in the Boise, Idaho and Salt Lake, Utah areas. The operator has not updated this information in four years and does not appear that documentation existed that any review or revisions were undertaken in that time-frame.

**8. § 195.452 Pipeline integrity management in high consequence areas**

**(a)...**

**(f) *What are the elements of an integrity management program?***

**An integrity management program begins with the initial framework. An operator must continually change the program to reflect operating experience, conclusions drawn from results of the integrity assessments, and other maintenance and surveillance data, and evaluation of consequences of a failure on the high consequence area. An operator must include, at minimum, each of the following elements in its written integrity management program:**

**(1)...**

**(7) Methods to measure the program's effectiveness (see paragraph (k) of this section);**

No meaningful metrics exist within their program. Tesoro only conducted one review out of five years of ownership even though this is an annual requirement. Only one document for the IMP Effectiveness Review Report for 2016 was provided to review the performance metrics.

**9. § 195.452 Pipeline integrity management in high consequence areas**

**(a)...**

**(g) *What is an information analysis?***

**In periodically evaluating the integrity of each pipeline segment (paragraph (j) of this section), an operator must analyze all available information about the integrity of the entire pipeline and the consequences of a failure. This information includes:**

**(1)...**

**(4) Information about how a failure would affect the high consequence area, such as location of the water intake.**

Tesoro was unable to provide evidence of compliance with this section. During the inspection representatives of Tesoro stated that no documentation existed for periodic evaluations for pipeline integrity for the years of 2014 and 2015, and did not know if the required evaluations were performed.

**10. § 195.452 Pipeline integrity management in high consequence areas**

**(a)...**

**(1) *What records must an operator keep to demonstrate compliance?***

**(1) An operator must maintain, for the useful life of the pipeline, records that demonstrate compliance with the requirements of this subpart. At a minimum, an operator must maintain the following records for review during an inspection:**

**(ii) Documents to support the decisions and analyses, including any modifications, justifications, deviations and determinations made, variances, and actions taken, to implement and evaluate each element of the integrity management program listed in paragraph (f) of this section.**

No records existed that annual evaluations of their program were completed as required by the regulations. Tesoro only performed the IMP Effectiveness Review Report for the 2016 evaluation out of five years of operation.

**11. § 195.452 Pipeline integrity management in high consequence areas.**

**(a)...**

**(1) *What records must an operator keep to demonstrate compliance?***

**(1) An operator must maintain, for the useful life of the pipeline, records that demonstrate compliance with the requirements of this subpart. At a minimum, an operator must maintain the following records for review during an inspection:**

**(i) A written integrity management program in accordance with paragraph (b) on this section.**

**(ii)...**

**(2) See Appendix C of this part for examples of records an operator would be required to keep.**

**Appendix C to Part 195—Guidance for Implementation of an Integrity Management Program**

**This Appendix gives guidance to help an operator implement the requirements of the integrity management program rule in §§195.450 and 195.452. Guidance is provided on:**

**(1)...**

**(7) Types of conditions that an integrity assessment may identify that an operator should include in its required schedule for evaluation and remediation.**

**VII. Conditions that may impair a pipeline's integrity.**

**Section 195.452(h) requires an operator to evaluate and remediate all pipeline integrity issues raised by the integrity assessment or information analysis. An operator must develop a schedule that prioritizes conditions discovered on the**

**pipeline for evaluation and remediation. The following are some examples of conditions that an operator should schedule for evaluation and remediation.**

**A. Any change since the previous assessment.**

**B. Mechanical damage that is located on the top side of the pipe.**

**C. An anomaly abrupt in nature.**

**D. An anomaly longitudinal in orientation.**

**E. An anomaly over a large area.**

**F. An anomaly located in or near a casing, a crossing of another pipeline, or an area with suspect cathodic protection.**

As part of the inspection, a PHMSA representative asked for ILI results and anomaly repairs made as a result of 2013 ILI runs. In response to this request, Tesoro stated that it did not have to maintain or provide records for IMP related activities prior to their purchase of the Northwest Pipeline Assets. Tesoro is required to understand the integrity issues associated with its pipeline, including the integrity issues associated with pipelines it purchases from another operator. If documentation of such integrity issues exists, including documents relating to ILI runs and anomaly repairs that were performed prior to Tesoro's purchasing the pipeline, are required to be kept for the useful life of the pipeline to demonstrate compliance with the regulations.

**12. § 195.505 Qualification program.**

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

**(a) ...**

**(b) Ensure through evaluation that individuals performing covered tasks are qualified;**

The operator failed to document who is performing covered tasks on their anomaly digs or pipeline repairs, and is therefore unable to verify if the personnel who performed coating repairs, pipe-to-soil potential readings, excavation, etc., were qualified at the time of the repairs in 2016.

**13. § 195.583 What must I do to monitor atmospheric corrosion control?**

**(a) You must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:**

**(c) If you find atmospheric corrosion during an inspection, you must provide protection against the corrosion as required by §195.581.**

Tank 913 in the Pocatello terminal was said to be out of service and non-jurisdictional to PHMSA. At the time of the inspection, the tank was piped into the header to receive hazardous liquids from a PHMSA regulated pipeline. The piping had no coating between the header tie-in and the tank. The construction records showed that the new piping was constructed three and half years prior to the inspection which is enough time to have an atmospheric coating applied.

**14. § 195.505 Qualification program.**

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

**(a) Identify covered tasks;**

**(h) After December 16, 2004, 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 operator has not identified task specific Abnormal Operation Conditions (AOCs) for each covered task in its written qualification program. This was noted when reviewing the operator's Operator Qualification Program: Section 6 Abnormal Operating Conditions dated 06/30/2016.

**15. § 195.505 Qualification program.**

**(a)...**

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

**(i) After December 16, 2004, notify the Administrator or a state agency participating under 49 U.S.C. Chapter 601 if the operator significantly modifies the program after the administrator or state agency has verified that it complies with this section. Notifications to PHMSA may be submitted by electronic mail to [InformationResourcesManager@dot.gov](mailto:InformationResourcesManager@dot.gov), or by mail to ATTN: Information Resources Manager DOT/PHMSA/OPS, East Building, 2nd Floor, E22-321, New Jersey Avenue SE., Washington, DC 20590.**

Tesoro failed to notify PHMSA of their acquisition of Chevron assets in 2013 or after the acquisition. Tesoro claims that their acquisition did not qualify as a "significant change" even though an Advisory Bulletin was issued on this subject.

**16. § 195.507 Record Keeping.**

**Each operator shall maintain records that demonstrate compliance with this subpart.**

**(a) Qualification records shall include:**

**(1) Identification of qualified individual(s);**

**(2) Identification of the covered tasks the individual is qualified to perform;**

Tesoro's OQ records only showed Michael Randall to be qualified in fall of 2015. The records do not demonstrate he was qualified to perform mainline valve inspections in February and March of 2015, when he did the valve inspections. Valve records do not demonstrate that a qualified supervisor directed and observed Mr. Randall during performance of this covered task. Respondent stated during the inspection close out interview that Tesoro could not locate the OQ records for Mr. Randall.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists, up to a maximum of \$2,090,022 for a related series of violations. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations. 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 Andeavor Logistics 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 5-2018-5005W**. 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,

Kim West  
Director, Western Region  
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry  
PHP-500 J. Gilliam (#156730)