

WARNING LETTER

VIA E-MAIL TO MR. SEAN KOLASSA

March 18, 2021

Mr. Sean Kolassa
President
Harvest Midstream Company
1111 Travis Street
Houston, Texas 77002

CPF 5-2021-015-WL

Dear Sean Kolassa:

From April 20, 2020 through April 24, 2020, and on January 21, 2021 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 Cook Inlet Pipeline System and the crude oil relief tank at your KPL Junction facility in the Kenai Peninsula Borough, Alaska.

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. **§ 195.428 Overpressure safety devices and overfill protection systems.**
...
(c) Aboveground breakout tanks that are constructed or significantly altered according to API Std 2510 (incorporated by reference, see § 195.3) after October 2, 2000, must have an overfill protection system installed according to API Std 2510, section 7.1.2. Other aboveground breakout tanks with 600 gallons (2271 liters) or more of storage capacity that are constructed or significantly altered after October 2, 2000, must have an overfill protection system installed according to API RP 2350 (incorporated by reference, see § 195.3). However, an operator need not comply with

any part of API RP 2350 for a particular breakout tank if the operator describes in the manual required by § 195.402 why compliance with that part is not necessary for safety of the tank.

The operator failed to conduct the required inspections of the overfill protection devices on the crude oil relief tank (Tank 001) at the KPL Junction Facility, where the Cook Inlet Pipeline and Swanson River Pipeline systems interconnect.

API 2350 requires that "(a)n overfill protection system shall be tested on initial installation and retested frequently enough as required thereafter to determine its reliability and to develop data that establishes the testing, maintenance, and inspection schedules." (API 2350 3rd Ed. para 4.8.2(a)). The operator failed to test the overfill protection system on initial installation and therefore violated 192.428(c).

Components used in the overfill prevention system of Tank 001 include a high-high level switch (LSHH 4548) and an automatic tank gauge and transmitter (LIT 4549). Tank 001 was put into service in October 2018.

The operator provided three documents in association with this requirement:

- A point-to-point verification worksheet for LSHH 4548 and LIT 4549 completed on December 26, 2018. Because this worksheet was completed after the December 25, 2018 surge event into the tank, it does not demonstrate that the overfill devices were tested on initial installation.
- Harvest's instrument technician stated in a letter dated 5/11/2020 that he tested the functionality of LSHH-4548 in December 2018. However, this record was not contemporaneous with the test, and does not show that LIT 4549 was tested.
- The PSSR Process/Process Equipment startup sheet dated 12/10/2018 indicates that "critical alarms, controls, and shutdowns" have been tested. However, this worksheet does not specifically show that LSHH 4548 and LIT 4549 were included as part of this test.

Therefore, the operator failed to complete the testing of LSHH 4548 and LIT 4549 upon initial installation and in doing so failed to comply with 195.428(c).

2. § 195.432 - Inspection of in-service breakout tanks.

...

(b) Each operator must inspect the physical integrity of in-service atmospheric and low-pressure steel above-ground breakout tanks according to API Std 653 (except section 6.4.3, Alternative Internal Inspection Interval) (incorporated by reference, see § 195.3). However, if structural conditions prevent access to the tank bottom, its integrity may be assessed according to a plan included in the operations and maintenance manual under § 195.402(c)(3). The risk-based internal inspection procedures in API Std 653, section 6.4.3 cannot be used to determine the internal inspection interval.

The operator failed to complete a monthly in-service inspection of Tank 001 for March 2019. Monthly in-services inspections are required by paragraph 6.3.1 of API 653. The operator stated that the monthly in-service inspection of the breakout tank was typically completed as part of a monthly work order that also included inspection of the other KPL Junction facilities. In March 2019, the operator did not complete the "Routine Breakout Tank External Inspection (Operations) Form" that was to be completed as part of the monthly work order, indicating they failed to inspect of the tank.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019 and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022.

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 Harvest Alaska, LLC 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 5-2021-015-WL**. 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,

Dustin Hubbard
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 J. Gano (#21-202999)
Rich Novcaski, Vice President, Harvest Alaska
Ben Wasson, Harvest Alaska