



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

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

WARNING LETTER

VIA E-MAIL TO MR. JOSH JAMISON

August 24, 2021

Mr. Josh Jamison
Principal
Cheyenne Rail Hub
1300 Venture Way
Casper, WY 82609

CPF 5-2021-044-WL

Dear Mr. Jamison:

From June 1, 2021 through June 3, 2021, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected your 1.8 miles of 12-inch bi-directional pipeline, operating between the Bridger Swan Ranch Facility and CRH Terminal located in Cheyenne, Wyoming.

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. § 194.107 - General response plan requirements.

(a) ...

(c) Each response plan must include:

(1) A core plan consisting of—

(ix) **Drill program—an operator will satisfy the requirement for a drill program by following the National Preparedness for Response Exercise Program (PREP) guidelines. An operator choosing not to follow PREP guidelines must have a drill program that is equivalent to PREP. The operator must describe the drill program in the response plan and OPS will determine if the program is equivalent to PREP.**

A review of documentation for drills showed a Government Initiated Unannounced Exercises (GIUE) with the EPA in 2020 and 2021. In addition, tabletop exercises were done in 2018 and 2019. Discussion of lessons learned were conducted but no documentation was presented. It was determined that Cheyenne Rail Hub did not follow PREP guidelines for proper documentation of self-certification. The “Lessons Learned” were not addressed as required.

As the National Preparedness for Response Exercise Program (PREP) Guidelines state:

“Self-certification is where the plan holder declares that he or she has met the following standards: (1) completion of the exercise; (2) conducting of the exercise in accordance with the PREP guidelines, meeting all objectives listed; and (3) evaluation of the exercise using a mechanism that appraises the effectiveness of the response or contingency plan.” (1-8).

“Proper documentation for self-certification should include, as a minimum, the following information:

- The type of exercise.
- Date and time of exercise.
- A description of the exercise.
- The objectives met in the exercise.
- The components of the response plan exercised.
- Lessons learned.

This documentation must be in writing and signed by an individual empowered by the plan holder organization.” (2-23).

2. § 195.404 - Maps and records.

(a) ...

(c) Each operator shall maintain the following records for the periods specified:

(3) A record of each inspection and test required by this subpart shall be maintained for at least 2 years or until the next inspection or test is performed, whichever is longer.

§ 195.581 - Which pipelines must I protect against atmospheric corrosion and what coating material may I use?

(a) You must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.

Atmospheric corrosion monitoring was not being performed on metering and station piping that had thermal insulation. Cheyenne Rail Hub's *Section 900 Subpart H - Corrosion Control Procedure* considered "pipe under insulation" for atmospheric corrosion monitoring:

900.90.2 Atmospheric Corrosion Design Considerations

Facility corrosion control design should include but not be limited to, the following considerations:

- Flange gaps and bolts
- Air/ground interface
- Splash zones
- Air/building interface
- Crevices
- Pipe supports and wear pads
- Pipe under insulation
- Spans/bridges
- Deck penetrations

However, Cheyenne Rail Hub's most recent atmospheric corrosion inspection record in June 2018 does not adequately document any completed actions taken regarding pipe under thermal insulation. During the inspection, Cheyenne Rail Hub verbally confirmed with PHMSA representatives that atmospheric corrosion monitoring was not being performed on pipe under thermal insulation.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not 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 Cheyenne Rail Hub 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 5-2021-044-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, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 J. Luo, C. Cordova (#21-199989)