

## **WARNING LETTER**

### **VIA E-MAIL TO MR. TODD DENTON**

October 12, 2021

Mr. Todd Denton  
VP Midstream Operations  
Phillips 66  
2331 CityWest Boulevard, N812-03  
Houston, TX 77042

**CPF 5-2021-050-WL**

Dear Mr. Denton:

From July 13 through 15, 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 Phillips 66 (P66) Denver Refined Products Terminal system in Commerce City, Colorado.

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. §195.583 What must I do to monitor atmospheric corrosion control?**
  - (a)...**
  - (c) If you find atmospheric corrosion during an inspection, you must provide protection against the corrosion as required by §195.581.**

After finding atmospheric corrosion during inspection, P66 failed to provide protection against corrosion as required by §195.581. Despite the prevalence of atmospheric corrosion on its line,

P66 failed to adequately clean and coat the pipeline pursuant to § 195.581(a).<sup>1</sup> During the inspection, PHMSA identified numerous areas of atmospheric corrosion on P66's pipeline including multiple instances of soil-to-air interface corrosion (e.g. pipe laying in the soil without proper coating; this makes the pipe susceptible to corrosion more than either buried or raised/unburied sections), excessive external corrosion with pitting, and excessive crevice corrosion (e.g., where pipe meets the supports). *See* in the form of Exhibit 1.1 – 1.3 attached hereto.

**2. §195.559 What coating material may I use for external corrosion control?**

**Coating material for external corrosion control under § 195.557 must –**

**(a)...**

**(b) Have sufficient adhesion to the metal surface to prevent under film migration of moisture;**

**(c) Be sufficiently ductile to resist cracking;**

The P66 lines moving product between the Mainline and Breakout Tanks failed to have external corrosion control coating material with sufficient adhesion to the metal surface to prevent under film migration of moisture and was not sufficiently ductile to resist cracking. During the pipeline field inspection, PHMSA identified multiple above-ground locations which had cracks, dis-bonding, and coating damage. These deficiencies allow moisture to collect between the coating and pipeline surface which can cause external corrosion and metal loss. *See* in the form of Exhibit 2.1 – 2.2 attached hereto.

**3. §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.**

P66 failed to have its pipe and other components supported in such a way that the support does not cause excess localized stress. During the field inspection, PHMSA identified multiple pipe supports that had support cushions missing, deteriorated, or improperly installed between the mainline and breakout tanks. As a result, the pipeline is not properly supported and causes excess localized stress. *See* in the form of Exhibit 3.1 – 3.3 attached hereto.

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

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<sup>1</sup> This does not fall within an exception in § 195.581(c) because this is not light surface oxide nor is it corrosion that otherwise would not affect the safe operation of the pipeline before the next scheduled inspection. This corrosion impacts the safe operation of the pipeline due to the pipeline's age (approximately 70 years old), its location within a High Consequence Area, and its inability to be assessed via in-line inspection.

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 Phillips 66 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 5-2021-050-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 M. Buss, H. Flaherty (#21-199945)  
Todd Fuksa, Compliance Director, Phillips 66  
Jose Rodriguez, DOT Coordinator, Phillips 66