

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

VIA ELECTRONIC MAIL TO: EWright@parpacific.com

December 12, 2024

Mr. Eric Wright
President
Par Hawaii
91-325 Komohana Street
Kapolei, HI 96707

CPF 5-2024-001-NOPV

Dear Mr. Wright:

From November 5, 2024, to November 7, 2024, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Par Hawaii's Honolulu pipeline system in Honolulu, Hawaii.

As a result of the inspection, it is alleged that Par Hawaii has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

1. § 195.420 Valve maintenance.

(a) ...

(b) Each operator must, at least twice each calendar year, but at intervals not

exceeding 7 ½ months, inspect each mainline valve to determine that it is functioning properly. Each rupture-mitigation valve (RMV), as defined in § 195.2 and not contained in a gathering line, or alternative equivalent technology that is installed under § 195.258(c) or § 195.418, must also be partially operated. Operators are not required to close the valve fully during the inspection; a minimum 25 percent valve closure is sufficient to demonstrate compliance, unless the operator has operational information that requires an additional closure percentage for maintaining reliability.

Par Hawaii failed to inspect each mainline valve to determine that it was functioning properly at least twice each calendar year, with inspection intervals not exceeding 7 ½ months, as required by § 195.420(b). Specifically, Par Hawaii failed to inspect mainline valve MOV-2307 (A7) to ensure it was functioning properly at least twice each calendar year, with intervals not exceeding 7 ½ months. During the review of the LFM032-01 Mainline Valve Inspection Reports from 2020 to 2024, it was found that MOV-2307 (A7) was not inspected during the following intervals: 3/25/2020, 9/8/2020, 2/11/2021, 9/15/2021, 3/7/2022, 3/20/2023, 10/4/2023, and 3/5/2024. Therefore, Par Hawaii failed to inspect MOV-2307 (A7) to ensure it was functioning properly at least twice each calendar year, with intervals not exceeding 7 ½ months, as required by § 195.420(b).

2. § 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:

If the pipeline is located:	Then the frequency of inspection is:
Onshore	At least once every 3 calendar years, but with intervals not exceeding 39 months.
Offshore	At least once each calendar year, but with intervals not exceeding 15 months.

Par Hawaii failed to inspect each onshore pipeline or portion of pipeline exposed to the atmosphere for evidence of atmospheric corrosion at least once every 3 calendar years, with intervals not exceeding 39 months, as required by § 195.583(a). Specifically, Par Hawaii failed to inspect MLV-16, MLV-17, and MLV-18A for evidence of atmospheric corrosion at least once every 3 calendar years, with intervals not exceeding 39 months. During the inspection, the LFM028-01 Atmospheric Corrosion Inspection Reports for 2022 and 2024 were reviewed. Previous atmospheric corrosion inspections were conducted in 2019.

As indicated by the inspection reports, on 12/6/2022, an atmospheric corrosion inspection was performed on MLV-16, with the recommended action being: "Active moderate corrosion on bolting and flanges needs to be arrested, inspected, and recoated." On 11/18/2024, the follow-up atmospheric corrosion inspection was performed on MLV-16. The inspection and repair report indicated that the flanges and bolting were cleaned with power hand tools to arrest the active corrosion present. A visual inspection was then performed on all atmospheric pipe and valve

components, with no additional active corrosion present and no further repairs or replacements needed.

According to the inspection reports, on 12/6/2022, an atmospheric corrosion inspection was performed on MLV-17, with the recommended action being: "Vault needs to be drained and inspected." On 11/18/2024, the follow-up atmospheric corrosion inspection was performed on MLV-17. The inspection and repair report indicated the vault was drained and water washed clean. A visual inspection was then performed on all atmospheric pipe and valve components, with no additional active corrosion present and no further repairs or replacements needed.

The inspection reports indicate that on 12/6/2022, an atmospheric corrosion inspection was performed on MLV-18A, with the recommended action being: "Denso wrap on blind flange needs to be removed and vault piping re-inspected." On 11/18/2024, the follow-up atmospheric corrosion inspection was performed on MLV-18A. The inspection and repair report indicated the existing Denso wrap was removed and water washed clean. A visual inspection was then performed on all atmospheric pipe and valve components, with no additional active corrosion present and no further repairs or replacements needed, besides the application of a new Denso Densyl wrap.

According to its inspection reports, Par Hawaii failed to inspect MLV-16, MLV-17, and MLV-18A for evidence of atmospheric corrosion by the end of 2022, since previous atmospheric corrosion inspections were conducted in 2019, and Par Hawaii was unable to perform the required follow-up atmospheric corrosion inspections until 2024. Therefore, Par Hawaii failed to inspect MLV-16, MLV-17, and MLV-18A for evidence of atmospheric corrosion at least once every 3 calendar years, with intervals not exceeding 39 months, as required by § 195.583(a).

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$266,015 per violation per day the violation persists, up to a maximum of \$2,660,135 for a related series of violations. For violation occurring on or after January 6, 2023, and before December 28, 2023, the maximum penalty may not exceed \$257,664 per violation per day the violation persists, up to a maximum of \$2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022, and before January 6, 2023, the maximum penalty may not exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,412 for a related series of violations. For violation occurring on or after May 3, 2021, and before March 21, 2022, the maximum penalty may not 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.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

Proposed Compliance Order

With respect to Items 1 and 2 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Par Hawaii. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement Proceedings*. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be 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).

Following your receipt of this Notice, you have 30 days to respond as described in the enclosed *Response Options*. If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. The Region Director may extend the period for responding upon a written request timely submitted demonstrating good cause for an extension.

In your correspondence on this matter, please refer to **CPF 5-2024-001-NOPV**, and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

cc: PHP-60 Compliance Registry
PHP-500 J. Luo (#24-297227)
Michelle Loveless, Pipeline Compliance Coordinator - MLoveless@parpacific.com

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Par Hawaii a Compliance Order incorporating the following remedial requirements to ensure the compliance of Par Hawaii with the pipeline safety regulations:

- A. In regard to Item 1 of the Notice pertaining to failure to inspect mainline valve MOV-2307 (A7) to ensure it was functioning properly at least twice each calendar year, with intervals not exceeding 7 ½ months, Par Hawaii must inspect each mainline valve to determine that it was functioning properly at least twice each calendar year, with inspection intervals not exceeding 7 ½ months, as required by § 195.420(b).
- B. In regard to Item 2 of the Notice pertaining to failure to inspect MLV-16, MLV-17, and MLV-18 for evidence of atmospheric corrosion at least once every 3 calendar years, with intervals not exceeding 39 months, Par Hawaii must inspect each onshore pipeline or portion of pipeline exposed to the atmosphere for evidence of atmospheric corrosion at least once every 3 calendar years, with intervals not exceeding 39 months, as required by § 195.583(a).
- C. It is requested (not mandated) that Par Hawaii maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Dustin Hubbard, 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.