

WARNING LETTER

VIA ELECTRONIC MAIL TO: bill.johnson@p66.com; jeff.d.shouse@p66.com; doug.b.sauer@p66.com

October 21, 2024

Mr. William Johnson
President
Phillips P66 Pipeline LLC
2331 Citywest Blvd.
Houston, Texas 77042

CPF 5-2024-032-WL

Dear Mr. Johnson:

From May 13, 2024 to May 17, 2024 of the onsite inspection, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected your Orange Products, Lake Charles and Clifton Ridge pipelines in Lake Charles, Louisiana.

As a result of the inspection, it is alleged that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The item inspected and the probable violation is:

1. § 195.573 What must I do to monitor external corrosion control?

(a)

(c) *Rectifiers and other devices.* You must electrically check for proper performance each device in the first column at the frequency stated in the second column.

Device	Check frequency
Rectifier	At least six times each calendar year, but with intervals not exceeding 2 1/2 months.
Reverse current switch	
Diode	
Interference bond whose failure would jeopardize structural protection	
Other interference bond	At least once each calendar year, but with intervals not exceeding 15 months.

Phillips 66 (P66) failed to electrically check for proper rectifier performance at least six times each calendar year, but with intervals not exceeding 2-1/2 months.

Specifically, P66 failed to provide rectifier inspection records for all of calendar year 2021. Rectifier OP-01-R-4 was inspected only three times in 2021. This rectifier is located on an “idled” portion of the Orange Products Pipeline that is purged with nitrogen. While these pipelines and segments are purged and classified by P66 to be “idled”, PHMSA only recognizes pipelines to be either active or abandoned. PHMSA considers this rectifier to be active as P66 has not abandoned this pipeline in accordance with 49 C.F.R. § 192.727.

Therefore, P66 failed to properly electrically check for proper rectifier performance at least six times each calendar year, but with intervals not exceeding 2-1/2 months as required by 49 C.F.R. § 195.573(c).

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 \$2,391,142 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 conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item identified in this letter. Failure to do so will result in Phillips P66 Pipeline 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 5-2024-032-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 L. Green, J. Luo, L. Salvador (#24-297229)
Jeff Shouse, Director DOT Liquid Operations Compliance, jeff.d.shouse@p66.com
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