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

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

NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 23, 2013

Mr. Todd Denton
President
Phillips 66 Pipeline LLC
3010 Briarpark Drive
Houston, TX 77042

CPF 5-2013-5011

Dear Mr. Denton:

On January 17, 2013, a representative of the Washington Utilities and Transportation Commission (WUTC), on behalf of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected the Spokane to Moses Lake segment of the Phillips 66 (P66) Yellowstone Pipe Line in Spokane, Washington.

As a result of the inspection, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

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

(a) *Protected pipelines.* You must do the following to determine whether cathodic protection required by this subpart complies with § 195.571:

(1) Conduct tests on the protected pipeline at least once each calendar year, but with intervals not exceeding 15 months. However, if tests at those intervals are impractical for separately protected short sections of bare or ineffectively coated pipelines, testing may be done at least once every 3 calendar years, but with intervals not exceeding 39 months.

Phillips 66 staff did not adequately conduct cathodic protection (CP) tests on the protected pipeline at the required times. There were several CP test stations that were not tested between 2009 and 2012 due to accessibility issues and/or the inability to find them. It is unclear, from information provided by P66 employees, whether these test stations were necessary to determine whether the system had adequate CP. Phillips 66 procedure MPR-6018, 7.3.2.3, states that "...each and every test station may not need to be read in order to determine that the system has adequate cathodic protection..."

The CP test sites that were not tested or "read" at the required intervals are detailed below:

- The airport fence test site (MP 1.070) was not read in 2012 due to lack of access to the airport terminal.

- Several casings were found during the 2010 tool run that were unknown to P66. These casings were brought into the annual surveys as of 2011 and 2012. No prior monitoring had been conducted to ensure adequate CP of the carrier pipe existed on these cased pipeline segments.

- The casing for the abandoned test station GNRR Crossing (MP 553.050) was not monitored in 2012 due to airbase access issues.

- Test site 563.000 (MP 563) was read in 2009 and 2011 by a contractor, but in 2010 and 2012 company employees attempting to read CP levels at this location, could not find the test lead and said it doesn't exist. The company map also shows a test site at this location.

- Test site 574.000 (MP 574) was read in 2009 and 2010, but not in 2011 or 2012. There is no record for 2011. Apparently, if no data is entered then no record is kept.

It is our opinion that P66 did not adequately monitor the Spokane to Moses Lake pipeline to ensure that sufficient cathodic protection was being provided.

2. § 195.402 Procedural manual for operations, maintenance, and emergencies.

(a) *General.* Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at

intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

Phillips 66 staff failed to follow the procedure for valve maintenance. The procedure requires the operator to notify the control center and contact information be recorded during valve testing. Phillips 66 procedure MPR-6005 is the procedure for conducting inspections of block valves, and it references Revision 7 of form GP-143, dated June 21, 2012.

The last valve maintenance cycle was performed in October 2012 after the requirement to contact controllers went into effect on June 21, 2012. MPR-6005 requires control center contact, and a record of this contact, each time block valves are maintained and operated. Control center contact was not done during the last valve maintenance survey conducted in October 2012 and employees stated they were unaware of the requirement at the time of the survey.

3. § 195.402 Procedural manual for operations, maintenance, and emergencies.

(a) *General.* Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

Phillips 66 procedure, MPR-2301, requires that each time a company employee has contact with an emergency official, that this information be recorded on form MPA 2830-A titled: *A Report of Contact With Emergency Official*. Interviews with several P66 field staff confirmed, by the WUTC inspector, that they were unaware of form MPA 2830-A. Phillips 66 employees have not been recording this information and were unaware of the existence of this form.

Proposed Compliance Order

With respect to item number 1 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Phillips 66. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Items

With respect to item numbers 2 and 3 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 promptly correct these item(s). Be advised that failure to do so may result in Phillips 66 being subject to additional enforcement action.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. 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). 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.

In your correspondence on this matter, please refer to **CPF 5-2013-5011** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

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

cc: PHP-60 Compliance Registry
PHP-500 R. Reineke (#144001)
WUTC- D. Lykken

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Phillips 66 Pipeline LLC a Compliance Order incorporating the following remedial requirements to ensure the compliance of Phillips 66 Pipeline LLC with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to several test stations not being read between 2009 and 2012 due to accessibility issues and/or the inability to find them, Phillips 66 Pipeline must either read all the test stations that were not read between 2009 and 2012, or show that the level of protection is adequate at the unmonitored portion of the system.

2. Phillips 66 Pipeline must complete item number 1 within 90 days after receipt of a Final Order.

3. It is requested (not mandated) that Phillips 66 Pipeline LLC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Chris Hoidal, Director, Western, 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.