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August 15, 2013

Mr. David D. Lykken
Director, Pipeline Safety
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Dr. S.W.
Olympia, WA 98504-7250

**RE: Chevron Pipe Line Company – Ferndale Terminal
Washington Utilities and Transportation Commission
Probable Violations**

RECEIVED
REGULATORY MANAGEMENT
2013 AUG 16 AM 9:32
STATE OF WASH
UTIL. AND TRANSP
COMMISSION

Dear Mr. Lykken:

Enclosed please find Chevron Pipe Line Company's (CPL) response to each area noted in the Washington Utilities and Transportation Commission (WUTC) Notice of Probable Violation (NOPV) letter dated June 20, 2013, concerning the standard inspection that occurred the week of May 7-9, 2013 at our Ferndale Terminal located in Ferndale, WA.

CPL is not contesting the concerns raised by WUTC and has revised its procedures and process accordingly to address the concerns. We believe our response to each NOPV addresses WUTC's findings.

If you have questions or need further information, please contact me at (713) 432-3332.

Sincerely,

Electronic Transmittal

cc: J. Subsits, WUTC Supervisor

bcc: L. Shreder
D.M. Pratt
S. Carbajal
T.J. Martin
W.E. Wied
R.M. McCoy

CPL Response

NOPV 1

§ 195.214 Welding Procedures

(b) Each welding procedure must be recorded in detail, including the results of the qualifying tests. This record must be retained and followed whenever the procedure is used.

WUTC Finding

The procedure Qualification Records (PQR) and Welding Procedure Specification (WPS) records were not available at the time of inspection for the revisions made to the pipeline system in 11/2012.

NOPV 2

§ 195.222 Welders: Qualification of Welders

(b) No welder may weld with a welding process unless, within the preceding 6 calendar months, the welder has—

- (1) Engaged in welding with that process; and
- (2) Had one welded tested and found acceptable under section 9 of API 1104 (incorporated by reference, see § 195.3).

WUTC Finding

Coly Rush, Kyla Jensen and Matt Williams were qualified to ASME BPVC Section IX at the end of Jan 2013 per the operator's OQ database, but the welding occurred in November 2012. No records were provided or available demonstrating that a welder had used that specific process within 6 months of being qualified or had one welded tested and found acceptable under section 9 of API 1104.

NOPV 3

§ 195.304 Test Pressure

The test pressure for each pressure test conducted under this subpart must be maintained throughout the part of the system being tested for at least 4 continuous hours at a pressure equal to 125 percent, or more, of the maximum operating pressure and, in the case of a pipeline that is not visually inspected for leakage during the test, for at least an additional 4 continuous hours at a pressure equal to 110 percent, or more, of the maximum operating pressure.

WUTC Finding

The test pressure was only maintained for 38 minutes for the piping service, P66 MOV, tested on 11/21/12 from 0900 to 0938.

NOPV 4

§ 195.310 Records

(a) A record must be made of each pressure test required by this subpart, and the record of the latest test must be retained as long as the facility tested is in use.

(b) The record required by paragraph (a) of this section must include:

- (1) The pressure recording charts

WUTC Finding

No pressure charts were available or provided documenting the hydrostatic test at the time of this inspection

CPL Response to NOPV's 1 thru 4

CPL was able to determine there was a misunderstanding between the Project Manager (PM) and CPL's Facility Engineer (FE). Company emails show the PM requested help from the FE who happens to be located in Bakersfield, CA. The PM describes the project to the FE but it appears the location of the project was not mentioned and of course different standards/regulations apply to the pipeline versus terminal piping. The PM pressure tested the spools per terminal piping standards and not 49CFR195.300.

We plan to perform the following:

1. Communicate to terminal and facility engineers the importance of knowing the company procedures as well as pipeline safety regulations.
2. Remove the spools and fabricate 2 new spools constructed per 49CFR195 and applicable ASME/API standards.
3. Welders utilized on this fabrication project have been qualified to CPL welding procedures.
4. The newly fabricated spools have been tested per 49CFR195.300 and CPL's pressure testing procedure.
5. The project to replace the two (2) pipe line flanges is planned to be completed by the end of September barring any scheduling conflicts.

NOPV 5

§ 195.428 Overpressure Safety Devices and Overfill Protection Systems

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7 ½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

WUTC Finding

Records were reviewed for the thermal PSV's to T-1 and T-2. There were seventeen devices and the records provided did not indicate that they were all tested at the required intervals back to 2010. Only two reliefs were looked at in 2011. None were tested in 2012 or for 2013 to date.

CPL Comment

Following the 2010 WUTC Technical Inspection, the impacted PSV's were added to SAP inadvertently on 5 year intervals instead of every 6 months/twice per calendar year. Immediately following the WUTC 2013 Inspection all affected PSVs were either replaced or removed and tested off site. Two PSVs were sent out for testing and the remaining 15 were replaced as they are "Throw Aways". The PSVs are now in SAP on 6 months inspection intervals checked twice each calendar year.

Area of Concern

§ 195.432 Inspection of In-Service Breakout Tanks

(b) Each operator must inspect the physical integrity of in-service atmospheric and low-pressure steel aboveground breakout tanks according to API Standard 653 (incorporated by reference, see § 195.3). However, if structural conditions prevent access to the tank bottom, the bottom integrity may be assessed according to a plan included in the operations and maintenance manual under § 195.402(c)(3).

Mr. David Lykken, WUTC Director

August 15, 2013

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WUTC Finding

Records from 2010 and the 2013 inspections indicate that T-2 is also due for the 20 year assessment in 2014. Our records indicate the last out of service inspections for both tanks was in 1994. It is understood that T-1 will have an out-of-service inspection performed in 2014, but it is unknown if T-2 will also have its 20 year inspection in 2014.

CPL Comment

Tank 2 was constructed in 1994 and steady state operation occurred in January 1995. The current business plan is to take Tank 2 out of service in September 2015 for the API 653 Inspection. To date the following actions have been put in place to complete tank API 653 Inspections.

Tank 1:

- Funds have been entered in the 2013 and 2014 Business Plans. Front End Loading and preliminary scope development will occur in 2013 along with placing orders of long lead items and discussions with contract partners. The tank will be drained of product and inspected in 2014.
- A preliminary project team has been established to ensure all target dates and project are met.
- Meetings with customers have taken place to determine tentative target dates for taking the tanks out of service. The September time frame is good timing for customers with plans to have the tank back in service in a couple of months.

Tank 2:

- Funds have been entered in the 2014 and 2015 Business Plans. Front End Loading and preliminary scope development will occur in 2014 along with placing orders of long lead items and discussions with contract partners. The tank will be drained of product and inspected in 2015.
- We anticipate establishing a project team and using Lessons Learned from the Tank 1 project to plan the Tank 2 inspection.