

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 25, 1998

Mr. George M. Roots
President
Equilon Enterprises, LLC
Two Shell Plaza
777 Walker
Houston, TX 77252

CPF No.58536W

Dear Mr. Roots:

On September 21- 24, 1998, a representative of the Western Region, Office of Pipeline Safety, pursuant to Chapter 601 of 49 United States Code, conducted an onsite pipeline safety inspection of the Butte Pipeline Company (BPC), crude-oil pipeline facilities and records in Montana and Wyoming. As a result of the inspection, it appears that BPC has committed probable violations, as noted below, of pipeline safety regulations, Title 49, code of Federal Regulations, Part 195. The probable violations are as follows:

1. **§195.402 Procedural manual for operations, maintenance, and emergencies.**
(a) General. 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.

At the time of the inspection (September 21, 1998), the Facility Response Plan for the Baker, Montana facilities had not been reviewed since May 28, 1997.

2. **§195.403 Training**
(b) At intervals not exceeding 15 months, but at least once each calendar year, each operator shall;
 - (1) Review with personnel their performance in meeting**

the objectives of the training program set forth in paragraph (a) of this section.

At the time of the inspection (September 21, 1998), training for the Baker, Montana personnel had not been reviewed within the allowed time. Form 3.1-63 (Training Annual Review) was dated March 3, 1997.

Under 49 United States Code, §60122, you are subject to a civil penalty not to exceed \$25,000 for each violation for each day the violation persists up to a maximum of \$500,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to assess you a civil penalty. We advise you, however, that should you not correct the circumstances leading to the violations, we will take enforcement action when and if the continued violations come to our attention.

In addition to the above listed probable violations, the inspection revealed additional areas that are cause for concern. I hope that you will consider the following two concerns as constructive relating to continued pipeline safety.

- S** First, the cathodic protection pipe-to-soil potential readings on several main-line valves and breakout tanks were more positive than the accepted criteria of -850 mV per NACE RP0169-96. Field readings were taken using either the "instant off" method (thereby considering IR drop), or with the current applied, "on." The following were areas of inadequate or marginal potentials.

Alzada Pump Station: in-station pipe (-836 mV "off"), breakout tank 51B (-740 mV "off," and -709 mV "off"), in-station pipe near breakout tank 51B (-743 mV "off"), in-station pipe near pumps (-823 mV "off").

Osage Pump Station: valve 500 (-882 mV "on"), valve X500 (-905 mV "on"), and valve 550 (-958 mV "on"). These readings are marginal. If the IR drop was considered for these readings, the pipe-to-soil potentials may not meet the -850 mV criteria.

Block valve 23, North of Fort Laramie Terminal (-801 mV "on").

Guernsey Terminal: valve P-28 (-728 mV "on"), valve 550 (-778 mV "on"), and pig receiver (-833 mV "on"). Subsequent to the inspection, it has come OPS's attention that the rectifier helping to cathodically protect this area was inadvertently off at the time of the inspection; however, it is still thought best to note the readings found during the inspection.

- S** Second, the pipeline coating did not extend above the soil-to-air interface in a few instances at the Baker Pump Station and Hulett Pump Station.

You will not hear from us again with regard to the noted inspection and our subsequent action. Because of the good faith that you have exhibited up to this time, we expect that you will act to bring your pipeline and your operations into compliance with pipeline safety regulations.

Sincerely,

Chris Hoidal, PE
Director

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