

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 29, 2012

Mr. Emmett Reagan
Sr. VP Refining-SW Region
Western Refining SW, Inc.
Western Refining Pipeline Co.
123 W. Mills Avenue
El Paso, TX 79901-1310

CPF 4-2012-5003W

Dear Mr. Reagan:

Between February 28, and September 14, 2011, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your integrity management program in Bloomfield, New Mexico.

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 item inspected and the probable violation is:

§195.452 Pipeline integrity management in high consequence areas.

(h) What actions must an operator take to address integrity issues?

(4) Special requirements for scheduling remediation

(i) Immediate repair conditions. An operator's evaluation and remediation schedule must provide for immediate repair conditions. To maintain safety, an operator must temporarily reduce operating pressure or shut down the pipeline until the operator completes the repair of these conditions. An

operator must calculate the temporary reduction in operating pressure using the formula in Section 451.6.2.2 (b) of ANSI/ ASME B31.4 (incorporated by reference, see § 195.3). An operator must treat the following conditions as immediate repair conditions:

- (A) Metal loss greater than 80% of nominal wall regardless of dimensions.**
- (B) A calculation of the remaining strength of the pipe shows a predicted burst pressure less than the established maximum operating pressure at the location of the anomaly. Suitable remaining strength calculation methods include, but are not limited to, ASME/ANSI B31G ("Manual for Determining the Remaining Strength of Corroded Pipelines" (1991) or AGA Pipeline Research Committee Project PR-3-805 ("A Modified Criterion for Evaluating the Remaining Strength of Corroded Pipe" (December 1989)). These documents are incorporated by reference and are available at the addresses listed in Sec. 195.3.**
- (C) A dent located on the top of the pipeline (above the 4 and 8 o'clock positions) that has any indication of metal loss, cracking or a stress riser.**
- (D) A dent located on the top of the pipeline (above the 4 and 8 o'clock positions) with a depth greater than 6% of the nominal pipe diameter.**
- (E) An anomaly that in the judgment of the person designated by the operator to evaluate the assessment results requires immediate action.**

Western Refining took a pressure reduction on November 2, 2010 on the 6 inch East Pipeline after the discovery of an anomaly (dent with metal loss). The pressure reduction was established as follows: a 20% reduction in the pressure level identified as Historical High Pressure (HHP) (4-hr. minimum duration) documented by records (IMP Integrity Assessment Worksheet) to have occurred within the past six months. WNR used 538 psig as the HHP in the last 6 months to establish a 20% reduction in pressure to 430 psig.

The pressure reduction should be a 20% reduction in the HHP observed at the location within the past 2 months. Star Lake Max Discharge sheets for September 2010 through November 2, 2010 at the Star Lake Station revealed that the HHP occurred on September 15, 2010 and was 466 psig. A 20% reduction of 466 psig reduces the pressure to 372 psig.

The pressure reduction taken did not achieve the proper 20% reduction in the historical high pressure (HHP) providing the additional margin of safety and was therefore non-compliant with 49 CFR §195.452.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. 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(s) identified in this letter. Failure to do so will result in Western Refining SW, Inc./Western Refining Pipeline Co. 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 4-2012-5003W**. 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,

R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous Materials
Safety Administration