



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

SENT TO COMPLIANCE RECIPIENT

Hardcopy Electronically

of Copies 1 / Date 11-21-11

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

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED [70063450000171041845]

November 21, 2011

Mr. Ralph Grimmer
VP, Logistics
Tesoro Hawaii Corporation
(TX1-023 / 1-2C050)
19100 Ridgewood Parkway
San Antonio, TX 78259

CPF 5-2011-6008M

Dear Mr. Grimmer:

On March 30 through April 2, 2011, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Tesoro Hawaii Corporation's procedures for operation and maintenance in Honolulu, Hawaii.

On the basis of the inspection, PHMSA has identified an apparent inadequacy found within Tesoro Hawaii's plans or procedures, as described below:

1. **§195.406 Maximum operating pressure.**
 - (a) **Except for surge pressures and other variations from normal operations, no operator may operate a pipeline at a pressure that exceeds any of the following:**
 - (1) **The internal design pressure of the pipe determined in accordance with §195.106. However, for steel pipe in pipelines being converted under §195.5, if one or more factors of the design formula (§195.106) are unknown, one of the following pressures is to be used as design pressure:**
 - (i) **Eighty percent of the first test pressure that produces yield under section N5.0 of Appendix N of ASME B31.8, reduced by the appropriate factors in §195.106(a)**

and (e); or

(ii) If the pipe is 323.8 mm (12¾ in) or less outside diameter and is not tested to yield under this paragraph, 1379 kPa (200 psig).

(2) The design pressure of any other component of the pipeline.

(3) Eighty percent of the test pressure for any part of the pipeline which has been pressure tested under Subpart E of this part.

(4) Eighty percent of the factory test pressure or of the prototype test pressure for any individually installed component which is excepted from testing under §195.305.

(5) For pipelines under §§195.302(b)(1) and (b)(2)(i), that have not been pressure tested under Subpart E of this part, 80 percent of the test pressure or highest operating pressure to which the pipeline was subjected for 4 or more continuous hours that can be demonstrated by recording charts or logs made at the time the test or operations were conducted.

Tesoro Hawaii's Maximum Operating Pressure is inadequate. At the time of the inspection, Tesoro Hawaii's procedure, **OM012 Maximum Operating Pressure (MOP)**, with respect to page 3 of 5, refers the reader to Subpart E of 49 CFR Part 195 and not its own procedures for describing design and test pressure parameters that will be used for determining a pipeline's MOP. An operator may not simply reference 49 CFR Part 195 Pipeline Safety Regulations as a plan or procedure. An operator must utilize pipeline-specific procedures that are applicable to the unique characteristics of their facilities and comply with the Federal regulations.

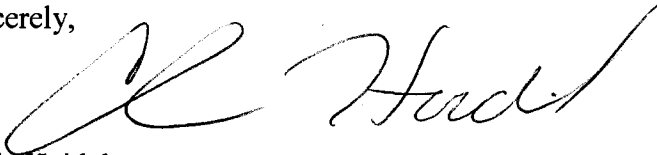
Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. 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.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Tesoro Hawaii maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Chris Hoidal, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 5-2011-6008M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Hoidal". The signature is fluid and cursive, with the first name "Chris" written in a larger, more prominent script than the last name "Hoidal".

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

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*

cc: PHP-60 Compliance Registry
G. Davis (#133324)