



Tesoro Refining and Marketing Co.
Pipelines, Terminals, & Trucking
300 Concord Plaza Drive
San Antonio, TX 78216-6999
www.TsoCorp.com

Chris Hoidal
Director, Western Region
PHMSA
12300 West Dakota Avenue, Suite 110
Lakewood, Colorado 80228

February 3rd of 2009

Subject: **CPF 5-2009-0002 - Notice of Probable Violation & Proposed Compliance Order**

Dear Chris Hoidal,

This letter is being submitted in regards to the Notice of Probable Violation and Proposed Compliance Order CPF 5-2009-0002, dated January 6th of 2009, regarding an inspection of Tesoro Refining and Marketing Company's (TRMC) Wilmington, CA, Gas Pipeline Operations & Maintenance (O&M) Manual.

TRMC acquired the referenced gas pipeline in May, 2007. Although TRMC has other standards (such as a Welding Procedures Manual and Coating Standards) which are in common use among all locations, the Gas Pipeline O&M Procedures Manual had not been revised to reference these standards. TRMC intends to take the steps in the proposed compliance order to revise the Gas Pipeline O&M Procedures Manual. The new Tesoro Gas Pipeline O&M Manual will include, at a minimum, the revision items listed below in accordance with 49 CFR 192. If there is information TRMC believes would warrant modification of this Proposed Compliance Order in part, such items are noted below.

Please contact Lori Menke at LMenke@tsocorp.com or 210-626-6526, if any additional data is needed for item closure.

Sincerely,

Lori Menke
DOT Compliance Specialist
Pipeline, Terminals, & Trucking
Tesoro Refining & Marketing Company
300 Concord Plaza Drive
San Antonio, Texas 78216
(o) 210-626-6526
(c) 210-216-9472
(f) 210-745-4631
LMenke@tsocorp.com

Audit Items and Issue Resolutions:

- 1) 49CFR192.225 Welding Procedures:
 - a. Item: Tesoro Refining and Marketing Company (TRMC) has no welding procedures. If TRMC has a separate welding manual, and if that manual addresses the welding procedures, then it should be included or referenced in its O&M manuals. The welding procedures need to specify the section and the edition of API 1104 under which it is qualified.
 - b. ***Resolution: TRMC does have welding procedures within the Tesoro Welding Manual. The Gas Pipeline O&M Manual will be revised to reference the Tesoro Welding Manual which specifies API 1104, 19th Edition, Section 5 or ASME Boiler and Pressure Vessel Code, 2004 Edition, Section IX "Welding and Brazing Qualifications".***

- 2) 49CFR192.231 Protection from Weather:
 - a. Item: TRMC's welding procedures do not specify how it will protect welding operations from weather conditions that could negatively impact the weld quality. If TRMC has a separate welding manual, and if that manual addresses weld protection from weather, then it should be included in its O&M manuals.
 - b. ***Resolution: The Gas Pipeline O&M Manual will be revised to reference the existing Tesoro Welding Manual, which states: Welding shall not be done when the quality of the completed weld would be impaired by the prevailing weather conditions, including but not limited to airborne moisture, blowing sands or high winds. Windshields may be used when practical. The company representative shall decide if the weather conditions are suitable for welding.***

- 3) 49CFR192.233 Miter Joints
 - a. Item: TRMC does not preclude the use of miter joints, yet has no procedures for constructing miter joints. If TRMC has a separate welding manual, and if that manual allows miter joints, then the miter joints should be included or referenced in its O&M manuals.
 - b. ***Resolution: The Gas Pipeline O&M Manual will be revised to reference the existing Tesoro Welding Manual, which states: Mitered bends and joints are not permitted. Deflections caused by misalignment up to three degrees are not considered a miter.***

- 4) 49CFR192.235 Preparation for Welding:
 - a. Item: TRMC has no procedures for surface preparation prior to welding. If TRMC has a separate welding manual, and if that manual addresses preparation for welding, then it should be included or referenced in its O&M manuals.
 - b. ***Resolution: TRMC's procedures for surface preparation are in the Tesoro Welding Manual. The Gas Pipeline O&M Manual will be revised to reference the Tesoro Welding Manual, which details surface preparations required prior to welding.***

- 5) 49CFR192.459 External Corrosion Control: Examination of Buried Pipeline when Exposed:
 - a. Item: TRMC has no procedures to examine a buried pipeline when exposed for external corrosion and coating deterioration.
 - b. ***Resolution: The Gas Pipeline O&M Manual will be revised to include procedures for examining exposed buried pipelines for external corrosion and coating deterioration, in accordance with 49 CFR 192.459.***

- 6) 49CFR192.461 External Corrosion Control: Protective Coating:
- a. Item: TRMC has no procedures for ensuring adequate protective coating for buried pipe. TRMC, in its O&M manuals, only states the pipeline should be coated. TRMC should specify procedures for coating specifications, type, installation, and protection.
 - b. ***Resolution: TRMC does have coating procedures for buried pipelines. The Gas Pipeline O&M Manual will be revised to reference the existing Tesoro approved protective Coatings Specifications (for type, installation, and handling procedures) for buried pipe.***
- 7) 49CFR192.467 External Corrosion Control: Electrical Isolation:
- a. Item: TRMC has no procedures for electrical isolation. TRMC should have procedures isolating its buried pipeline from other underground structures unless they are all interconnected and cathodically protected as a single unit.
 - b. ***Resolution: The Gas Pipeline O&M Manual will be revised to include procedures for electrical isolation of buried pipelines from other underground structures or state that interconnected lines are cathodically protected as a single unit.***
- 8) 49CFR192.471 External Corrosion Control: Test Leads
- a. Item: TRMC has no procedures for installing test leads. The procedures should make sure the test wire is mechanically secured, electrically conductive, has no stress concentration, and the point of connection to bare metal is coated.
 - b. ***Resolution: The Gas Pipeline O&M Manual will be revised to include procedures for connecting test lead wires to the pipeline to remain mechanically secure, electrically conductive, to minimize stress concentration, and coating at the point of connection to bare metal.***
- 9) 49CFR192.479 Atmospheric Corrosion Control - General:
- a. Item: TRMC has no procedures to ensure proper coating materials are used to protect their pipelines against atmospheric corrosion.
 - b. ***Resolution: The Gas Pipeline O&M Manual will be revised to ensure that appropriate coating materials are used to protect pipelines from atmospheric corrosion.***
- 10) 49CFR192.481 Atmospheric Corrosion Control - Monitoring:
- a. Item: TRMC has no procedures for monitoring atmospheric corrosion. TRMC, in its O&M manuals, requires the exposed pipes to be coated. TRMC needs to inspect portion of the pipeline that is exposed at least once every 3 years, not exceeding 39 months, to ensure the applied coating is effective at protecting their pipeline against atmospheric corrosion.
 - b. ***Resolution: The Gas Pipeline O&M Manual will be revised to include the requirements for atmospheric corrosion inspection.***
- 11) 49CFR192.503 General Requirements:
- a. Item: TRMC has no procedures for pressure testing its pipeline. TRMC has detailed hydrotest procedures in its O&M manuals (appendix B), however, these procedures are for hazardous liquid pipelines and not natural gas pipelines.
 - b. ***Resolution: TRMC does have a procedure for pressure testing pipelines. The Gas Pipeline O&M manual will reference this existing hydrostatic testing procedure, which will be revised to include applicability on a gas pipeline.***

- 12) 49CFR192.605 Procedural Manual for Operations, Maintenance, and Emergencies:
- a. Item: TRMC has no procedure requiring that all construction records, maps, and operating history are available to its operating personnel.
 - b. ***Resolution: The Gas Pipeline O&M will be revised to include the requirement that all construction records, maps, and operating history are available to appropriate Tesoro operating personnel.***
- 13) 49CFR192.614 Damage Prevention Program:
- a. Item: TRMC has no procedures in its damage prevention program for conducting leakage surveys when there may be blasting close to its pipeline
 - b. ***Resolution: The Gas Pipeline O&M Manual will be revised to include a Damage Prevention procedure which requires a leakage survey after blasting activities occur close to the pipeline.***
- 14) 49CFR192.615 Emergency Plans:
- a. Item: TRMC has no procedures for responding to fire, explosion, and natural disasters that may affect the pipeline integrity or safe operation.
 - b. ***Resolution: TRMC does have procedures for responding to fires, explosions, and natural disasters. The Gas Pipeline O&M Manual will be revised to reference existing Tesoro Emergency Procedures (Emergency Response Plan) for responding to fire, explosion, and natural disasters that may affect line integrity or safe operation.***
- 15) 49CFR192.617 Investigation of Failures:
- a. Item: TRMC has no procedures for investigating failures. TRMC needs to make certain that all contributing causes of failure are investigated and the possibility of a recurrence minimized.
 - b. ***Resolution: TRMC does have a procedure for failure investigations. The Gas Pipeline O&M Manual will be revised to reference an existing Tesoro procedure entitled Incident Management and Investigation, which directs that contributing causes of failure are investigated to minimize the possibility of recurrence.***
- 16) 49CFR192.627 Tapping Pipelines Under Pressure:
- a. Item: TRMC has no procedures for tapping pipelines under pressure.
 - b. ***Resolution: The Gas Pipeline O&M Manual will be revised to state that each hot tap made on a pressurized pipeline must be performed by hot-tap qualified workers, and shall include the worker qualification requirements and Tesoro hot tap procedures.***
- 17) 49CFR192.739 Pressure Limiting and Regulating Stations: Inspection and Testing:
- a. Item: TRMC did not have procedures for inspecting and testing its pressure limiting devices as required in 49CFR192.739(a).
 - b. ***Resolution: The Gas Pipeline O&M Manual will be revised to incorporate procedures for inspecting and testing pressure limiting devices annually, not exceeding 15 months.***