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January 9, 2009

Via Email and Regular Mail

Ivan A. Huntoon, Director, Central Region
United States Department of Transportation
Pipeline and Hazardous Materials Safety Administration
901 Locust Street, Suite 462
Kansas City, MO 64106-2641

RE: CPF 3-2008-5013 – Response to NOPV and Proposed Compliance Order

Dear Mr. Huntoon,

This letter is intended as a response to the Notice of Probable Violation (NOPV) issued to NuStar Pipeline Operating Partnership, LLC¹ (“NuStar”) by the Pipeline and Hazardous Materials Safety Administration (PHMSA) on December 12, 2009. The NOPV alleged a violation of §195.401 (“General Requirements”) resulting from failure to remediate an exposure where a concrete slab was resting on a span that crossed a drainage ditch. The NOPV did not assess a penalty, but did include a compliance order requiring NuStar to submit a plan of action to remediate the situation and requiring NuStar to remediate the situation within 90 days of the issuance of a Final Order. Additionally, the compliance order requested that NuStar provide documentation of the costs associated with fulfilling the requirements of the compliance order.

NuStar has already remediated the situation. NuStar removed the concrete cap from the pipeline and sandblasted it. NuStar then inspected the pipeline and therein discovered that no repairs were necessary. NuStar recoated the pipeline and placed new markers on either side of the exposure, taking considerations for UV resistant wraps or painting (light colored) for the pipe. NuStar believes this should fully satisfy PHMSA’s need for confidence that the pipe is in satisfactory condition. Photographs of the modifications and documentation of the associated costs are attached hereto. The total costs associated with the concrete remediating this pipeline exposure is \$2000.

In addition, two warning items were noted in the NOPV. One item, atmospheric corrosion inspection on pipeline exposures, indicated that some of the inspections had exceeded the 39 month time frame. The inspection interval viewed during the records portion of the PHMSA inspection was from 2004 to 2007. In September 2007, NuStar enhanced the compliance tracking and record keeping of these inspections by including these tasks as work orders in NuStar’s SAP system. This enhanced system now allows NuStar the ability to identify, assign, and track each pipeline exposure and the inspection intervals accordingly.

¹ Please note that NuStar Pipeline Operating Partnership is an L.P. and not a LLC, so the correct entity should be identified as “NuStar Pipeline Operating Partnership L.P.”.



The other warning item addressed the proper documentation of inspecting the internal portion of a spool of pipe whenever it has been cut out. As of December 2008, NuStar has modified its Pipeline Information Report (PIR) form to include a section on internal corrosion. This section will identify whether internal corrosion is identified or not, the type of corrosion, and a description of the corrosion.

As all of the requirements of the compliance order have already been completed and documented for PHMSA, NuStar respectfully asks that PHMSA withdraw its request for a compliance order in this matter. NuStar requests that PHMSA issue a letter in which PHMSA states that this matter is closed and that there is no further action necessary. If you have any questions in this matter, please call Dan Tibbits at (316) 721-7056. Thank you very much for your time and attention to this matter.

NuStar Terminals Operations Partnership L.P.

Todd Denton
Vice President, Operations

cc: Hans Shieh



Before



Before



After



After