



STATE OF WASHINGTON

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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Ref. No. Docket PL-100248

October 6, 2010

Rebecca Roberts, President
Chevron Pipe Line Company
4800 Fournace PL #E328F
Bellaire, TX 77401-2324

Dear Ms. Roberts:

RE: 2010 Standard Hazardous Liquid Pipe Line Safety Inspection, Ferndale Terminal

Thank you for your letter dated September 27, 2010 addressing the findings of our inspection conducted in the Chevron Pipe Line Company (CPL) Ferndale Terminal on July 13 - 14, 2010.

We accept CPL's proposals to bring these items into compliance with the exception of item 7.

We agree with the statement that there is not a specific API standard that addresses inspection of API 620 tanks. However, 49 CFR 195.432(b) does require that operators inspect the physical integrity of low pressure aboveground breakout tanks according to section 4 of API standard 653.

The breakout tanks at Ferndale are low pressure (620) tanks. Section 4 of API 653 requires roof, shell, tank bottom and tank foundation evaluations. 49 CFR 195.432(b) allows the bottom integrity to be assessed according to a plan in the Operation and Maintenance manual under 49 CFR 195.402(c)(3) if structural conditions prevent access to the tank bottom.

We understand that this is a complex issue and recognize that it will take time for CPL to properly evaluate and implement a comprehensive evaluation or assessment of the structural integrity of the Ferndale Terminal breakout tanks be done in accordance with 49 CFR 195.432. Notwithstanding, we feel that a plan and strategy to comply with this requirement should be conceived and submitted to commission staff no later than June 1, 2011. We expect to be updated if there are insurmountable barriers to complying with this requirement.



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Docket number PL-100248 will be closed as of October 6, 2010. Please refer to this docket number in any future correspondence regarding this inspection.

Staff would like to thank CPL's personnel for their cooperation and assistance during this inspection. If you have any questions or need further assistance, please contact Joe Subsits at (360) 664-1322.

Sincerely,



David D. Lykken
Pipeline Safety Director

cc. Dave Pratt, Chevron Operations Manager
Gary Saenz, Chevron Team Leader
Steve Parker, Chevron Team Leader