STATE OF WASHINGTON
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250
(360) 664-1160 • TTY (360) 586-8203

Ref. No. Docket PL-100248

CERTIFIED MAIL

August 17, 2010

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

Dear Ms Roberts:

RE: 2010 Hazardous Liquid Pipe Line Inspection – Ferndale Terminal

We conducted a technical assistance inspection from July 13 to July 14, 2010 of Chevron Pipe Line Company's Ferndale Terminal in Ferndale, Washington. The inspection included a records review and inspection of the pipeline facilities.

Our inspection indicates 11 probable violations as noted in the enclosed report.

Your response needed
Please review the attached report and respond in writing by September 30, 2010. The response should include how and when you plan to bring the probable violations into full compliance.

What happens after you respond to this letter?
The attached report presents staff's decision on probable violations and does not constitute a finding of violation by the commission at this time.

After you respond in writing to this letter, there are several possible actions the commission, in its discretion, may take with respect to this matter. For example, the commission may:

- Issue an administrative penalty under RCW 81.88.040, or
- Institute a complaint, seeking monetary penalties, changes in the company's, practices, or other relief authorized by law, and justified by the circumstances, or
- Consider the matter resolved without further commission action.

If you have any questions, or if we may be of any assistance, please contact Joe Subsits at (360) 664-1322. Please refer to Docket PL-100248 in any future correspondence regarding this inspection.

Sincerely,

David D. Lykken
Pipeline Safety Director

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

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
2010 Intrastate Hazardous Liquid Standard Inspection Report
Chevron Pipe Line Company – Ferndale Storage Terminal Inspection
Docket No. PL-100248

Probable Violations

The following probable violations of Title 49, CFR Part 195 and WAC 480-75 were noted as a result of the inspection of the Chevron Pipe Line (CPL) Ferndale Storage Terminal in Ferndale, WA. The inspection included a random selection of records, operation and maintenance (O&M), emergency response and field inspection of the pipeline facilities.

1. **WAC 480-75-660 Procedural manual for operations, maintenance, and emergencies**

   (1) Each pipeline company must prepare and follow a procedural manual that includes the following:

   (b) Procedures for responding to earthquakes, including a threshold for line shutoff, and procedures for integrity monitoring prior to restart, and...

   Finding(s):
   Earthquake procedures and threshold limits for line shutoff were not in CPL's procedure manual.

2. **49 CFR §195.402 Procedural manual for operations, maintenance, and emergencies.**

   (a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

   (c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

   (3) Operating, maintaining and repairing the pipeline system in accordance with each of the requirements of subpart F and subpart H.

   Finding(s):
   49 CFR §195.428(b) requires that relief valves on pressure breakout tanks containing highly volatile liquids be tested at intervals not exceeding 5 years. The procedures addressing this requirement could not be found in CPL's O&M manual.

3. **49 U.S.C 60132, Subsection (b) Submission of Data to the National Pipeline Mapping System (NPMS) Under the Pipeline Safety Improvement Act of 2002**
   Subsection (b): Updates--Operators are required to make update submissions every twelve (12) months if any system modifications have occurred. If no modifications have occurred since the last complete submission (including operator contact information),

send an email to npms-nr@mbakercorp.com stating that fact. Include operator contact information with all updates. Pipeline operators may update previous NPMS submissions in one of two ways. For digital data, submit replacement data for an entire system. For paper maps, submit replacement maps for those portions of pipeline systems that have changed. This option is available only for those pipeline operators who have to submit paper maps.

Operators may continue to send an email to npms-nr@mbakercorp.com or use the "Update your submission online" tool on the NPMS Website (http://www.npms.phmsa.dot.gov) in lieu of making a submission.

Finding(s):
CPL Ferndale Storage Terminal could not demonstrate that they had sent the required information or notification to the NPMS.

4. **49 CFR §195.402 Procedural manual for operations, maintenance, and emergencies.**

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies.

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(13) Periodically reviewing the work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found.

Finding(s):
Though procedures are in place to address this requirement, CPL Ferndale Storage Terminal personnel did not provide records demonstrating periodic review of work to determine the effectiveness of procedures and taking corrective action where needed.

5. **49 CFR §195.420 Valve maintenance.**

(b) Each operator shall, at intervals not exceeding 7 1/2 months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

Finding(s):
Records were not available showing that mainline valves were inspected for proper functioning within the required time frames.

6. **49 CFR §195.428 Overpressure safety devices and overfill protection systems**

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical

condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

(b) In the case of relief valves on pressure breakout tanks containing highly volatile liquids, each operator shall test each valve at intervals not exceeding 5 years.

Finding(s):

Records were not available showing that overpressure safety devices were inspected for proper functioning within the required time frames for the line pipe or the breakout tanks.

7. **49 CFR §195.432 Inspection of in-service breakout tanks.**

(b) Each operator shall inspect the physical integrity of in-service atmospheric and low-pressure steel aboveground breakout tanks according to section 4 of API Standard 653. However, if structural conditions prevent access to the tank bottom, the bottom integrity may be assessed according to a plan included in the operations and maintenance manual under §195.402(c)(3).

Finding(s):

Section 4 of API 653 requires inspection of the tank roof, shell, bottom and foundation. There is no evidence that this had been done.

8. **49 CFR §195.589 What corrosion control information do I have to maintain?**

(c) You must maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist. You must retain these records for at least 5 years, except that records related to §§195.569, 195.573(a) and (b), and 195.579(b)(3) and (c) must be retained for as long as the pipeline remains in service.

49 CFR §195.573 What must I do to monitor external corrosion control?

(a) Protected pipelines. You must do the following to determine whether cathodic protection required by this subpart complies with Sec. 195.571:

(1) Conduct tests on the protected pipeline at least once each calendar year, but with intervals not exceeding 15 months.

Finding(s):

No records were available indicating that cathodic protection tests (eg. pipe-to-soil readings) had been performed within the specified time period.

9. **49 CFR §195.589 What corrosion control information do I have to maintain?**

(c) You must maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist. You must retain these records for at least 5 years, except that records related to §§195.569, 195.573(a) and (b), and 195.579(b)(3) and (c) must be retained for as long as the pipeline remains in service.

49 CFR §195.573 What must I do to monitor external corrosion control?

(c) Rectifiers and Other Devices. You must electrically check for proper performance for rectifiers at least six times each calendar year, but with intervals not exceeding 2½ months.

Finding(s):

Records were not produced to show that the rectifier was checked at the required inspection frequency.

10. **49 CFR §195.589 What corrosion control information do I have to maintain?**

(c) You must maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist. You must retain these records for at least 5 years, except that records related to §§195.569, 195.573(a) and (b), and 195.579(b)(3) and (c) must be retained for as long as the pipeline remains in service.

49 CFR §195.575 Which facilities must I electrically isolate and what inspections, tests, and safeguards are required?

(c) You must inspect and electrically test each electrical isolation to assure the isolation is adequate.

Finding(s):

No records were provided demonstrating that the casing had been tested for electrical isolation.

11. **49 CFR §195.452 Pipeline integrity management in high consequence areas**

(a) Which pipelines are covered by this section? This section applies to each hazardous liquid pipeline and carbon dioxide pipeline that could affect a high consequence area, including any pipeline located in a high consequence area unless the operator effectively demonstrates by risk assessment that the pipeline could not affect the area.

Finding(s):

CPL needs to determine whether the Ferndale Terminal could impact an HCA. This information would aid in determining whether the Terminal needs to be included in CPL's integrity management program.