



U.S. Department
of Transportation

**Pipeline and Hazardous Materials
Safety Administration**

901 Locust Street, Suite 462
Kansas City, Missouri 64106-2641



CERTIFIED MAIL – RETURN RECEIPT REQUESTED

December 13, 2016

North Dakota Public Service Commission
Darrell Nitschke, Executive Secretary
600 E. Boulevard, Dept. 408
Bismarck, ND 58505-0480

Re: PHMSA review of the Sacagawea Pipeline crossing
ND PSC Case No. PU-16-582

Dear Mr. Nitschke:

By letter dated August 25, 2016, the North Dakota Public Service Commission (ND PSC) forwarded a complaint to the Pipeline and Hazardous Materials Safety Administration (PHMSA) Central Region office in Kansas City, Missouri. The complaint concerned construction of the Sacagawea Pipeline in McKenzie and Mountrail Counties, North Dakota, where siting of the pipeline had been approved by the ND PSC. While the ND PSC approves hazardous liquid pipeline siting in North Dakota, there is no certified State authority that regulates pipeline safety standards and practices for hazardous liquid intrastate pipelines in North Dakota. PHMSA is the duly authorized federal agency responsible for the promulgation and enforcement of pipeline safety regulations, including the Code of Federal Regulations Title 49 Part 195 – Transportation of Hazardous Liquids by Pipeline. The complaint alleged that the pipeline crossing of Lake Sakakawea may not have been installed in accordance with 49 CFR §195.561 regarding inspection of external pipe coating. Therefore, PHMSA Central Region’s Office of Pipeline Safety investigated the allegation, as described further below.

Pipeline Description

Sacagawea Pipeline Company, LLC is a joint venture between Paradigm Energy Partners, LLC, Phillips 66 Partners LP, and Grey Wolf Midstream, LLC. The Sacagawea Pipeline will be a 16-inch diameter crude oil pipeline approximately 70 miles in length. The Sacagawea Pipeline Project originates at Paradigm Midstream Services – SC Keene Crude Oil Terminal

14 PU-16-582 Filed: 12/19/2016 Pages: 3
Review Regarding Construction Complaint

located south of Keene, North Dakota in McKenzie County and terminates at the Phillips 66 Partners LP Palermo Rail Terminal Facility located west of Palermo, North Dakota in Mountrail County. Phillips 66 Partners LP will be the operator of the Sacagawea Pipeline after it is completed by Paradigm Energy Partners, LLC.

PHMSA Investigation

PHMSA Central Region personnel met with representatives of the United States Army Corps of Engineers, the Three Affiliated Tribes, and the Laborers District Council of Minnesota and North Dakota to gather additional information. PHMSA interviewed 12 individuals that had worked on the project and were involved with the Lake Sakakawea crossing. PHMSA also reviewed construction records, daily inspection reports, post-installation test reports, and other documents to determine whether a violation of the federal pipeline safety regulations occurred.

The crossing under Lake Sakakawea was accomplished using horizontal directional drilling where pipe was welded and the girth welds coated and inspected while above ground on the shore prior to pulling the pipe through the drill hole under the lake. The pipe is coated with fusion bonded epoxy (FBE) with an additional abrasion resistant overcoat to protect the FBE while pulling the pipe under the lake.

The employees interviewed indicated that everyone working on the project intended to install a properly constructed pipe section under Lake Sakakawea. They described multiple inspections of the pipe coating with holiday detectors, along with the recoating of girth welds and other coating repairs, to ensure that the entire pipe section was free of any coating anomalies (aka "holidays"). The pipe was scheduled to be pulled through on a Saturday; therefore, during the week leading up to the pull, multiple passes with the holiday detector were performed to ensure that the coating had been thoroughly inspected prior to the Saturday pull.

PHMSA Central Region also reviewed post-installation tests for the Lake Sakakawea crossing, including a hydrostatic pressure test, inline inspection (ILI), and current requirement testing. None of these tests showed dents, gouges, scrapes, or any other indication of pipe or coating damage. The current requirement test indicated, according to the testing company's criteria, that the coating under Lake Sakakawea rated as "excellent" for the as-installed directionally drilled pipe.

Conclusion

Based on the information from the interviews and the documents reviewed, PHMSA Central Region did not discover a probable violation of 49 CFR §195.561 for the installation of the 16-inch Sacagawea Pipeline under Lake Sakakawea. Therefore, we will not be initiating an enforcement action at this time. This letter does not preclude PHMSA from any future potential enforcement action.

Thank you for bringing this matter to my attention.

Sincerely,

A handwritten signature in cursive script, appearing to read "Allan C. Beshore".

Allan C. Beshore

Director, Central Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration