

# JAYHAWK PIPELINE, L.L.C.



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June 17, 2008

Mr. Ivan A. Huntoon  
Director, Central Region  
Pipeline and Hazardous Materials Safety Administration  
901 Locust Street, Room 462  
Kansas City, MO 64106

Re: CFP 3-2008-5006

Dear Mr. Huntoon:

Reference is to the subject Notice of Probable Violation and proposed civil penalty received on May 22, 2008 regarding an overpressure incident at our McPherson refinery delivery station which occurred on August 18, 2006. Your findings as documented in the May 19, 2008 Notice of Proposed Violation accurately summarizes the overpressure incident.

We recognize the seriousness of this incident; however, the following circumstances should provide justification to eliminate the proposed civil penalty. Our success and improvements regarding pipeline safety issues has been achieved through the combined alliance of your regulatory oversight and our dedication to excellence. Unfortunately, the absence of overpressure protection that caused this issue was an omission by both of us, not only at McPherson station but at our Valley Center, Chase, Meade and Hooker stations. After our collaborative review of this incident, projects were approved, materials ordered and overpressure protection was installed system wide within sixty days of the McPherson meter station overpressure on August eighteenth.

Pipeline integrity management is another example of pipeline safety improvement though our cooperative involvement. Pipeline assessments and commensurate repairs have dramatically reduced our pipeline release frequency. Our last pipeline release occurred on October 27, 2005. Station integrity has been problematic; however, we are making significant progress in this area also in part because of the leadership and direction of PHMSA. Significant resources have been committed to station assessments and modifications. In 2006 we completed the modification of Schurr station in which underground piping was replaced with new above ground facilities at a cost of 585,000 dollars. This month we completed the modification of Valley Center station which involved combining the functions of two stations and reducing environmental exposure by eliminating significant underground piping at a cost of 441,000 dollars. The Valley Center modifications will facilitate the abandonment of four tanks and associated meter and pump manifold. Currently in progress are modifications of Taloga station with authorized expenditures in the amount of 380,000 dollars and modifications of Eubanks station at a cost of 585,000 dollars. In addition, station assessments and modifications have been completed at Burrton, Chase, Hudson, Coffeyville Delivery and Harper Ranch stations. We will continue to maximize our resources to achieve improvements in pipeline and station integrity.

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We recognize the importance of penalties to support an effective pipeline safety program, assure cooperation and prevent intentional noncompliance. Jayhawk is committed to regulatory compliance and will continue to designate the resources necessary to assure system wide integrity. The proposed civil penalty is in excess of our budgeted monthly income and would be better utilized for maintenance projects.

Thank you for your careful reconsideration of the proposed civil penalty and your continued support of our pipeline safety improvements.

Sincerely,

A handwritten signature in black ink, appearing to read "Myron B. Hoover", written in a cursive style.

Myron B. Hoover  
General Manager

/edg

c. Rick Petersen