

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 14, 2012

Mr. Gerald Koegeboehn
Vice President/General Manager
NuStar Pipeline Operating Partnership, L.P.
7340 West 21st Street North, Suite 200
Wichita, Kansas 67205

CPF 3-2012-5004

Dear Mr. Koegeboehn:

On May 16-20 and July 11-15, 2011, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your NuStar Pipeline Operating Partnership, L.P. (NuStar) anhydrous ammonia pipeline system in Missouri, Iowa and Nebraska.

As a result of the inspection, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The item inspected and the probable violation is:

- 1. §195.412 Inspection of rights-of-way and crossings under navigable waters.**
 - (a) Each operator shall, at intervals not exceeding 3 weeks, but at least 26 times each calendar year, inspect the surface conditions on or adjacent to each pipeline right-of-way. Methods of inspection include walking, driving, flying or other appropriate means of traversing the right-of-way.**

NuStar did not adequately inspect the right-of-way on a section of its anhydrous ammonia pipeline system located in Iowa.

NuStar relies upon aerial patrolling to inspect the surface conditions on and adjacent to its pipeline right-of-way. During the inspection, the right-of-way at MP 9.26 of the Fort Madison Lateral pipeline was discovered to be overgrown with vegetation. The presence of the vegetation makes aerial patrolling an ineffective method of inspecting the surface conditions on and adjacent to the pipeline. NuStar had not implemented any other means to properly inspect the surface conditions on the pipeline right-of-way for potential pipeline integrity threats or signs of leakage.

The overgrown vegetation at this location was observed during the inspection and is documented in photographs taken before and after right-of-way clearing that was performed after the inspection.

This item is a probable violation of the same regulation that was confirmed in a Final Order issued 2-05-2009 (CPF No. 3-2007-5002) assessing a civil penalty and compliance order for four locations where surface conditions on the pipeline right-of-way were not properly inspected.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$72,500 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$72,500

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

In your correspondence on this matter, please refer to **CPF 3-2012-5004** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

David Barrett
Director, Central Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*