

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 14, 2012

Mr. Scott Root
Senior Vice President, Supply
Koch Nitrogen Company, L.L.C.
4111 East 37th Street, North
Wichita, Kansas 67201

CPF 3-2012-6002M

Dear Mr. Root:

On October 11-13, 2011, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Koch Nitrogen Company, L.L.C. (KNC) procedures for Operation and Maintenance of the facility in Garner, Iowa.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Koch Nitrogen Company's plans or procedures, as described below:

1. **§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:**
 - (4) **Determining which pipeline facilities are located in areas that would require an immediate response by the operator to prevent hazards to the public if the facilities failed or malfunctioned.**
 - (5) **Analyzing pipeline accidents to determine their causes.**

(6) Minimizing the potential for hazards identified under paragraph (c)(4) of this section and the possibility of recurrence of accidents analyzed under paragraph (c)(5) of this section.

(12) Establishing and maintaining liaison with fire, police, and other appropriate public officials to learn the responsibility and resources of each government organization that may respond to a hazardous liquid or pipeline emergency and acquaint the officials with the operator's ability in responding to a hazardous liquid or carbon dioxide pipeline emergency and means of communication.

(15) Implementing the applicable control room management procedures required by § 195.446.

KNC did not formally have all the appropriate operation and maintenance written procedures in their manual. Procedure requirements for Maintenance & Normal Operation for determining which pipeline facilities are located in areas that would require immediate response by the operator to prevent hazards to the public if the facilities failed or malfunctioned, analyzing pipeline accidents to determine their cause, minimizing the potential for hazards identified and minimizing the possibility of recurrence of accidents analyzed, establishing and maintaining liaison with fire, police and other public officials to learn responsibility and resources of each hazardous liquid pipeline emergency, and implementing the applicable CRM procedures were not presented in O&M. The procedures exist under the facilities Risk Management Plan, but not referenced in O&M Manual.

2. §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.

§195.424 Pipe movement.

(b) No operator may move any pipeline containing highly volatile liquids where materials in the line section involved are joined by welding unless-

- (1) Movement when the pipeline does not contain highly volatile liquids is impractical;**
- (2) The procedures of the operator under §195.402 contain precautions to protect the public against the hazard in moving pipelines containing highly volatile liquids, including the use of warnings, where necessary, to evacuate the area close to the pipeline; and**
- (3)**

(c) No operator may move any pipeline containing highly volatile liquids where materials in the line section involved are not joined by welding unless-

- (1) The operator complies with paragraphs (b)(1) and (2) of this section; and**
- (2) That line section is isolated to prevent the flow of highly volatile liquid.**

KNC did not formally have all the appropriate operation and maintenance written procedures in their manual. Procedure requirement for Pipe Movement was not presented in O&M Manual and indicated by operator as not applicable. The O&M Manual provides allowances to move blown down and depressurized pipe, thus requiring a procedure.

3. §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.**

§195.434 Signs

Each operator must maintain signs visible to the public around each pumping station and breakout tank area. Each sign must contain the name of the operator and a telephone number (including area code) where the operator can be reached at all times.

KNC did not have the procedure requirement for operator to maintain signs visible to the public around each pump station and breakout tank area in their O&M Manual. The requirement is met under CGA G-2.1 / ANSI K61.1-1999, American National Standard Safety Requirements for the Storage and Handling of Anhydrous Ammonia, but not referenced in O&M Manual.

4. §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.**

§195.442 Damage Prevention Program

(c) The damage prevention program required by paragraph (a) of this section must, at a minimum:

- (1) Include the identity, on a current basis of persons who normally engage in excavation activities in the area in which the pipeline is located.**
- (2) Provides for notification of the public in the vicinity of the pipeline and actual notification of persons identified in paragraph (c)(1) of this section of the following as often as needed to make them aware of the damage prevention program:
 - (i) The program's existence and purpose; and**
 - (ii) How to learn the location of underground pipelines before excavation activities are begun.****
- (3) Provide a means of receiving and recording notification of planned excavation activities.**
- (4) If the operator has buried pipelines in the area of excavation activity, provide for actual notification of persons who give notice of their intent to excavate of the type of temporary markings to be provided and how to identify the markings.**
- (5) Provide for temporary marking of buried pipelines in the area of excavation activity before, as far as practical, the activity begins.**

KNC did not have the procedure requirements for Damage Prevention Program in their O&M Manual. The KNC Excavation Policy was incorporated by reference to the O&M Manual, but was not referenced in the Damage Prevention Program procedures.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. 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.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within [number of days] days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Koch Nitrogen Company, L.L.C. maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to David Barrett, Director, Central Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 3-2012-6002M** 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*