

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 23, 2011

Mr. Tom Saunders
PostRock (KPC) Pipeline, LLC
9520 North May Avenue, Suite 300
Oklahoma City, Oklahoma 73120

Dear Mr. Saunders:

CPF 3-2011-1013M

On October 18-22, 2010, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your procedures for incident reporting and abnormal operations in Olathe, Kansas.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within PostRock (KPC) Pipeline, LLC's (PostRock) plans or procedures, as described below:

1. §192.605 Procedural manual for operations, maintenance, and emergencies

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

(4) Gathering of data needed for reporting incidents under Part 191 of this chapter in a timely and effective manner.

PostRock's process for data collection for incident reporting neglects to account for all applicable property damage. PHMSA discovered during inspection of PostRock's pipeline repair records that the costs of the repairs of leaks included the cost of contract labor, but did not include the cost of company labor. PHMSA does not differentiate between the costs of company labor vs. contract labor, therefore, all relevant company labor costs must be included when considering the reporting criteria for incidents. For instance, instructions for incident reporting on PHMSA form F 7100.2 since 2010 specify that "*all relevant costs*

to the operator must be included' and explain that labor costs associated with repair are to be included. PostRock shall amend its procedures to clarify information gathering requirements, including all relevant costs for reporting incidents under 49 CFR Part 191.

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 30 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 PostRock 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 3-2011-1013M** 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*