

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 27, 2012

Mr. Joe Fowler
Vice President, Operations
KPC Pipeline, LLC
19970 161st Street
Olathe, KS 66062

CPF 3-2012-1011M

Dear Mr Fowler:

On December 8-10, 2010, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) and the Kansas Corporation Commission (KCC) pursuant to Chapter 601 of 49 United States Code inspected PostRock KPC Pipeline, LLC's (PostRock's) procedures for gas transmission integrity management in Olathe, Kansas. On September 28, 2012, MV Pipelines, LLC purchased the entire pipeline system and renamed the company KPC Pipeline, LLC (KPC).

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

1. An identification of all high consequence areas, in accordance with §192.905.

§192.905 How does an operator identify a high consequence area?

- **Item 1A:**
 - (b)(1) Identified sites. An operator must identify an identified site, for purposes of this subpart, from information the operator has obtained from routine operation and maintenance activities and from public officials with safety or emergency**

response or planning responsibilities who indicate to the operator that they know of locations that meet the identified site criteria. These public officials could include officials on a local emergency planning commission or relevant Native American tribal officials.

PostRock's procedures for identifying new covered segments were inadequate because they did not ensure that information obtained from routine operation and maintenance activities, such as, patrolling, continuing surveillance, and similar functions, was incorporated into the integrity management program and evaluated for new high consequence area determination.

- 2. An identification of threats to each covered pipeline segment, which must include data integration and a risk assessment. An operator must use the threat identification and risk assessment to prioritize covered segments for assessment (§192.917) and to evaluate the merits of additional preventive and mitigative measures (§192.935) for each covered segment.**

§192.917 How does an operator identify potential threats to pipeline integrity and use the threat identification in its integrity program?

- Item 2A:**
 - (a) Threat identification. An operator must identify and evaluate all potential threats to each covered pipeline segment. Potential threats that an operator must consider include, but are not limited to, the threats listed in ASME/ANSI B31.8S (incorporated by reference, see §192.7), section 2...**

PostRock's procedures were inadequate because they do not contain an analysis or evaluation of the potential detrimental impacts on pipeline integrity that might occur due to the possibility of interaction between existing identified threats.

- Item 2B:**
 - (b) Data gathering and integration. To identify and evaluate the potential threats to a covered pipeline segment, an operator must gather and integrate existing data and information on the entire pipeline that could be relevant to the covered segment. In performing this data gathering and integration, an operator must follow the requirements in ASME/ANSI B31.8S, section 4. At a minimum, an operator must gather and evaluate the set of data specified in Appendix A to ASME/ANSI B31.8S, and consider both on the covered segment and similar non-covered segments, past incident history, corrosion control records, continuing surveillance records, patrolling records, maintenance history, internal inspection records and all other conditions specific to each pipeline.**

PostRock's procedures were inadequate because they did not clearly define how existing data on the entire pipeline, including non-covered segments, was gathered, integrated, and applied to the risk analysis on similar covered segments. For example, the

procedures did not specify whether a leak on a non-covered segment of a pipeline contributes to the leak history of a covered segment on the same pipeline that experienced a similar operational, maintenance, and corrosion control history.

- **Item 2C:**

(e) Actions to address particular threats. If an operator identifies any of the following threats, the operator must take the following actions to address the threat.

(5) Corrosion. If an operator identifies corrosion on a covered pipeline segment that could adversely affect the integrity of the line (conditions specified in §192.933), the operator must evaluate and remediate, as necessary, all pipeline segments (both covered and non-covered) with similar material coating and environmental characteristics. An operator must establish a schedule for evaluating and remediating, as necessary, the similar segments that is consistent with the operator's established operating and maintenance procedures under part 192 for testing and repair.

PostRock's procedures were inadequate because they did not clearly require that both covered and non-covered pipeline segments with similar coating and environmental characteristics be evaluated and remediated when corrosion that could adversely affect the integrity of a covered pipeline segment is identified. The procedures currently link this evaluation to the Threat Severity Index, not to the identification of actual corrosion that could adversely affect pipeline integrity.

3. Provisions meeting the requirements of §192.935 for adding preventive and mitigative measures to protect the high consequence area.

§192.935 What additional preventive and mitigative measures must an operator take?

- **Item 3A:**

(a) General requirements. An operator must take additional measures beyond those already required by Part 192 to prevent a pipeline failure and to mitigate the consequences of a pipeline failure in a high consequence area. An operator must base the additional measures on the threats the operator has identified to each pipeline segment. (See § 192.917) An operator must conduct, in accordance with one of the risk assessment approaches in ASME/ANSI B31.8S (incorporated by reference, see § 192.7), section 5, a risk analysis of its pipeline to identify additional measures to protect the high consequence area and enhance public safety. Such additional measures include, but are not limited to,...

PostRock's procedures were inadequate because they only required that additional preventive and mitigative measures be considered whenever the Threat Severity Index of a given threat exceeds the 67% criterion. Preventive and mitigative measures may be valuable and appropriate to address identified threats and should be considered even though this threshold has not been met. PostRock's procedures were also inadequate

because they did not consider a range of potential measures, but only those specifically listed in the regulations.

- **Item 3B:**

(c) Automatic shut-off valves (ASV) or Remote control valves (RCV). If an operator determines, based on a risk analysis, that an ASV or RCV would be an efficient means of adding protection to a high consequence area in the event of a gas release, an operator must install the ASV or RCV. In making that determination, an operator must, at least, consider the following factors--swiftness of leak detection and pipe shutdown capabilities, the type of gas being transported, operating pressure, the rate of potential release, pipeline profile, the potential for ignition, and location of nearest response personnel.

PostRock's procedures were inadequate because they did not delineate an evaluation process based on risk analysis even though the specified factors are to be considered. An analysis of remotely-controlled and automatic shutoff valves to reduce the consequences of a release on the KPC system was reportedly performed by Enbridge when they operated the system; however, that analysis was not available for review during the inspection.

4. A management of change process as outlined in ASME/ANSI B31.8S, section 11.

- **Item 4A:**

PostRock's procedures were inadequate because they did not ensure that physical changes to the pipeline system are evaluated for potential impact on the integrity management program prior to implementation.

5. A quality assurance process as outlined in ASME/ANSI B31.8S, section 12.

- **Item 5A:**

PostRock's procedures were inadequate because they did not adequately delineate roles and responsibilities for key personnel in performing integrity management related activities. For example, the position descriptions for the Operations Manager and System Supervisor did not refer to integrity management even though these positions play a key role in developing and implementing the program.

6. A communication plan that includes the elements of ASME/ANSI B31.8S, section 10, and that includes procedures for addressing safety concerns raised by--

(1) OPS; and

(2) A State or local pipeline safety authority when a covered segment is located in a State where OPS has an interstate agent agreement.

- **Item 6A:**

PostRock's procedures were inadequate because they only included provisions for responding to formal expressions of concern, such as Notice letters. The procedures did not provide guidance on how PostRock personnel should respond to safety concerns that are expressed through more informal means of communication, such as, via telephone call or email.

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 45 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 that KPC Pipeline, LLC, maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Mr. David Barrett, Director, Central Region, Pipeline and Hazardous Materials Safety Administration.

In correspondence concerning this matter, please refer to **CPF 3-2012-1011M** 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*