

**NOTICE OF PROBABLE VIOLATION  
and  
PROPOSED COMPLIANCE ORDER**

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

June 21, 2013

Rick Peterson  
General Manager  
National Cooperative Refinery Association (NCRA)  
2000 S. Main  
McPherson, KS 67460

**CPF 3-2013-5018**

Dear Mr. Peterson:

On, April 12 – 16, April 19 – 23, and April 26 – 30, 2010 a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your NCRA records and field facilities in Kansas, Iowa & Nebraska.

NCRA operates the following five lines in Kansas between the NCRA Refinery in McPherson and the Conway Storage Field:

- 6.5 miles of 4” Propane pipeline between McPherson and Conway
- 6.5 miles of 4” Butane pipeline between McPherson and Conway
- 6.5 miles of 8” Gasoline pipeline between McPherson and Conway
- 6.5 miles of 6” Pentane pipeline between McPherson and Conway
- 6.5 miles of 8” Natural Gasoline pipeline between McPherson and Conway

These systems also include approximately 1,000 feet of piping at the refinery and 11.5 miles of pipe at the Conway Storage facility. During this inspection, PHMSA identified these pipeline systems and facilities as regulated assets per 49 CFR Part 195.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation(s) are:

**1. §195.302 Pressure Testing – General Requirements**

**(a) Except as otherwise provided in this section and in §195.305(b), no operator may operate a pipeline unless it has been pressure tested under this subpart without leakage.**

At the time of PHMSA's inspection the McPherson to Conway pipeline system had not been pressure tested, nor had the maximum operating pressure been established as otherwise required in §195.302(b)(1).

**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. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.**

At the time of PHMSA's inspection of the McPherson to Conway pipeline system NCRA had not prepared, nor incorporated into the existing O&M manual, written procedures that included all the specific requirements described in §195.402(c), (d), and (e).

**3. §195.404 Maps and Records**

**(c) Each operator shall maintain the following records for the periods specified:  
(3) A record of each inspection and test required by this subpart shall be maintained for at least 2 years or until the next inspection or test is performed, whichever is longer.**

At the time of PHMSA's inspection of the McPherson to Conway pipeline system NCRA was not maintaining all records of inspections and tests required by 49 CFR Part 195, Subpart F – Operations and Maintenance.

Proposed Compliance Order

With respect to item numbers 1 through 3 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to NCRA. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

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 3-2013-5018** 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

Enclosures: *Proposed Compliance Order*  
*Response Options for Pipeline Operators in Compliance Proceedings*

## **PROPOSED COMPLIANCE ORDER**

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to NCRA a Compliance Order incorporating the following remedial requirements to ensure the compliance of NCRA with the pipeline safety regulations:

1. In regard to Item 1 of the Notice pertaining to NCRA not scheduling pressure testing or establishing the maximum operating pressure as otherwise provided in §195.302, NCRA shall submit copies of pressure test records consistent with §195.310 for the McPherson to Conway pipeline system. Also submit a listing of the established maximum operating pressure(s) for the McPherson to Conway pipeline system.
2. In regard to Item 2 of the Notice pertaining to NCRA not preparing a manual of written procedures, NCRA shall submit a manual of written procedures for conducting normal operations and maintenance and handling abnormal operations and emergencies.
3. In regard to Item 3 of the Notice pertaining to NCRA not maintaining records, NCRA shall submit the latest record of all required inspections and tests, including but not limited to:
  - a. Inspections of rights-of-way
  - b. Valve maintenance
  - c. Pipeline repairs or modifications completed in 2012
  - d. Inspections of overpressure safety devices and overfill protection systems
  - e. Inspections of firefighting equipment
  - f. Inspections of breakout tanks
  - g. Inspections, surveys, or tests of the corrosion control system
4. All documentation required to be submitted in this proposed compliance order shall be sent to David Barrett, Director – Central Region, within 30 days of receipt of the Final Order and in electronic format whenever possible.
5. It is requested that NCRA maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to David Barrett, Director – Central Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.