



August 29, 2016

Mr. Allan Beshore  
Director, Central Region  
Pipeline and Hazardous Materials Safety Administration  
United States Department of Transportation  
901 Locust Street, Suite 462  
Kansas City, MO 64106-2641

**RE: CPF 3-2016-5006**

Dear Mr. Beshore:

Coffeyville Resources Crude Transportation, LLC (CRCT) is in receipt of your Notice of Probable Violation, Proposed Penalty and Proposed Compliance Order (Notice) dated July 25, 2016. CRCT received the Notice on August 1, 2016. In addition, CRCT received the PHMSA file and violation report (Violation Report) on August 5, 2016.

CRCT is submitting the attached written response to the allegations and is seeking to eliminate and/or mitigate the proposed civil penalty for specific items. CRCT believes the further information and detailed explanations merit a reassessment of the alleged violations and mitigation of the proposed penalty amount. As provided in your instruction regarding response options, CRCT is not requesting an oral hearing.

Specifically CRCT is contesting the allegations and penalty amounts for two of the violations alleged in the Notice (Items 13 and 15) and is requesting mitigation of the penalty amount for three of the violations alleged in the Notice (Items 8, 9 and 17).

CRCT is not contesting the Compliance Order. However, CRCT is providing the following written explanation that it believes warrants a reconsideration of the proposed order.

**Notice of Probable Violation and Proposed Penalty**

With respect to Item Numbers 4, 5, 11, and 18, CRCT is not contesting either the allegation or proposed penalty amount. CRCT notes that the underlying conditions that contributed to these alleged violations have been corrected and CRCT has procedures in place to maintain compliance. (See Attachment F – Response to Item 4, Attachment G – Response to Item 5, and Attachment J – Response to Item 18 for additional information). As a good faith effort to resolve this Notice, and in

accordance with your instructions, the proposed penalty amounts for a total of \$156,400 (respectively: \$23,300 for Item Number 4, \$25,900 for Item Number 5, \$54,700 for Item Number 11, and \$52,500 for Item Number 18) will be paid by wire transfer prior to September 30, 2016.

With respect to Item Numbers 13 and 15, CRCT is contesting both the allegation and the penalty amount. Attached to this letter, CRCT has provided a written response and supporting documentation, referenced and incorporated herein, to the allegations that it believes justifies a finding of no violation.

With respect to Item Numbers 8 and 17, CRCT is contesting only the penalty amount. CRCT has promptly corrected the conditions that resulted in the recordkeeping deficiencies that are at the heart of these alleged violations. Attached to this letter, CRCT has provided a written response and supporting document, referenced and incorporated herein, to the allegations that it believes justifies a mitigation of the proposed penalty amount.

With respect to Item Number 9, CRCT is contesting only the penalty amount. CRCT has made significant progress in catching up with the inspection schedules for break out tanks. Attached to this letter, CRCT has provided a written response and supporting documentation, referenced and incorporated herein, to the allegations that it believes justifies a mitigation of the proposed penalty amount.

### **Proposed Compliance Order**

CRCT is not contesting any of the items in the Proposed Compliance Order; however, CRCT believes that all of the items specified in the Proposed Compliance Order have been completed, or will be very soon. CRCT is submitting a written explanation, information, and other materials that demonstrate how these items are being satisfied.

#### **Compliance Order Item No. 1**

CRCT has completed most of the activity required to meet the terms of this item. The remaining activities are scheduled to be completed by November 30, 2016. Based on the information in Attachment H – Response to Item 6 on the enclosed CD, CRCT believes that PHMSA can eliminate this item.

#### **Compliance Order Item No. 2**

CRCT has met the terms of this item regarding Item Number 14 of the Notice. CRCT has developed the Preventative and Mitigative Measures appendices for Section 5 of the Integrity Management Plan. Based on the information in Attachment I – Response to Item 14 on the enclosed CD, CRCT believes that PHMSA can eliminate this item.

Compliance Order Item No. 3

CRCT has met the terms of this item. Details of the activities undertaken to correct the deficiencies cited in Item Number 18 of the Notice are provided in Attachment J – Response to Item 18 on the enclosed CD.

Compliance Order Item No. 4

As all of the activities specified in the Proposed Compliance Order have been satisfied, or will be completed by November 30, 2016, CRCT respectfully suggests to PHMSA that a compliance order for these matters is unnecessary.

Compliance Order Item No. 5

CRCT has attached to this letter a summary of the costs requested by PHMSA incurred to date to complete Proposed Compliance Order Item Number 1, Item Number 2, and Item Number 3. Details are provided in the attached Table 2 found on page 21 of this response.

**Additional Information**

In addition to the above, CRCT has promptly corrected five of the seven Warning Items, and will soon complete corrections for the remaining two. CRCT is providing in the attached documentation the status of our corrective actions taken to date and a schedule for promptly completing the correction of the remaining two items. In our June 11, 2012 correspondence to you, CRCT included a description of additional pipeline safety improvements being planned for our pipeline system. Attached to this letter is an update on the status of these pipeline safety initiatives and the significant improvements that have been completed. CRCT believes that the prompt correction of deficiencies and these additional pipeline safety improvements should be taken into account in the calculation of the proposed penalty. CRCT is committed to maintaining pipeline safety.

If you have any questions about this response, please feel free to contact our Environmental Project Manager in Kansas City, Sam McCormick, at 913-982-0457, or our Pipeline Safety Specialist in Bartlesville, Sheila Leach, at 918-330-5025.

Sincerely,



Robert Haugen  
Executive Vice President  
Coffeyville Resources Crude Transportation, LLC

Cc: Hans Shieh, General Engineer  
Reed Copeland  
Janice DeVelasco  
John Walter

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