

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 29, 2018

Mr. David Sauer
Sr. Vice President & COO
Dakota Gasification Company
1717 East Interstate Avenue
Bismarck ND 58503-0564

CPF 3-2018-5004W

Dear Mr. Sauer:

On January 30–February 3, 2017, February 6-10, 2017, February 13-17, 2017, March 27-31, 2017 and May 8-12, 2017, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected your Dakota Gasification Company's (DGC) carbon dioxide pipeline records and field assets in Beulah, North Dakota.

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

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. 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.

During the OQ Field Inspection, the technicians failed to follow DGC's written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. DGC's procedure 74-012 allows for accepting high pressure (HP) Accumulator pressure readings between 2500-2600 psig. DGC's technician accepted an high pressure (HP) Accumulator pressure reading on the 14-inch line of 2610 psig due to an oral miscommunication. The two technicians performing the task set the pressure range as 2600-2700 psig rather than the 2500-2600 psig permitted in the procedure.

2. §195.452 Pipeline integrity management in high consequence areas.

(a)

(b) *What program and practices must operators use to manage pipeline integrity?*

Each operator of a pipeline covered by this section must:

(1) Develop a written integrity management program that addresses the risks on each segment of pipeline in the first column of the following table not later than the date in the second column:

Pipeline	Date
Category 1	March 31, 2002.
Category 2	February 18, 2003.
Category 3	1 year after the date the pipeline begins operation.

(2)

(5) Implement and follow the program. . .

DGC failed to follow its integrity management plan (IMP). Specifically, DGC did not conduct the annual preventative and mitigative measure analysis and document its findings on form PLR-68 as required by their IMP plan. DGC was unable to produce completed PLR-68 forms to show compliance with their IMP.

3. **§195.452 Pipeline integrity management in high consequence areas.**
 (a)
 (b) **What program and practices must operators use to manage pipeline integrity?**

Each operator of a pipeline covered by this section must:

(1) Develop a written integrity management program that addresses the risks on each segment of pipeline in the first column of the following table not later than the date in the second column:

Pipeline	Date
Category 1	March 31, 2002.
Category 2	February 18, 2003.
Category 3	1 year after the date the pipeline begins operation.

- (2)
(5) Implement and follow the program.

DGC did not follow its pipeline IMP. Section IX-A version (January 2016) of the DGC IMP requires an annual evaluation of IMP effectiveness to be recorded on form PLR-66 – Annual Integrity Evaluation for Carbon Dioxide Pipelines. DGC was unable to produce a completed PLR-66 form documenting the required review.

4. **§195.589 What corrosion control information do I have to maintain?**
 (a)
 (c) **You must maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist. You must retain these records for at least 5 years, except that records related to Secs. 195.569, 195.573(a) and (b), and 195.579(b)(3) and (c) must be retained for as long as the pipeline remains in service.**

DCG did not maintain a records of its investigation and repair to its pipeline. DGC was unable to provide a work order demonstrating completion of the 2013 MLV 1 repair to pipe to soil interface identified in an inspection report reviewed by PHMSA. This represents one missing record of five reviewed.

As of April 27, 2017, under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists up to a maximum of \$2,090,022 for a related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We

advise you to correct the items identified in this letter. Failure to do so will result in Dakota Gasification Company being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 3-2018-5004W**. 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).

Sincerely,

Allan C. Beshore
Director, Central Region, OPS
Pipeline and Hazardous Materials Safety Administration