

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 3, 2018

Mr. Ray Ingle, President and Chief Executive Officer
Hawthorn Oil Transportation (North Dakota), Inc.,
1111 Bagby Sky Lobby 2,
Houston, TX 77002

CPF 3-2018-6003M

Dear Mr. Ingle:

On April 4-6, 2017 representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Hawthorn's Stanley to Railyard pipeline procedures for operations, maintenance, public awareness, operator qualifications and integrity management in Stanley, North Dakota.

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

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.

(b)

(e) *Emergencies.* The manual required by paragraph (a) of this section must include procedures for the following to provide safety when an emergency condition occurs:

(1)

(2) Prompt and effective response to a notice of each type emergency, including fire or explosion occurring near or directly involving a pipeline facility, accidental release of hazardous liquid or carbon dioxide from a pipeline facility, operational failure causing a hazardous condition, and natural disaster affecting pipeline facilities.

Hawthorn's manual of written procedures for handling emergencies failed to include procedures for prompt and effective response to a notice of each type emergency. Specifically, Hawthorn's emergency response plan failed to include responses for fire, explosion and operational failure. Hawthorn must amend its emergency response plan to include these responses.

2. §195.402 Procedural manual for operations, maintenance, and emergencies.

(a)

(c) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(1)

(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.

Hawthorn's manual of written procedures for conducting normal operations and maintenance activities failed to include procedures for operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of subpart F and subpart H of 49 CFR 195. Specifically, Hawthorn's procedures failed to include the critical elements for operating and maintaining its pipeline facilities. During an operator qualification inspection, PHMSA's inspector determined that the following elements were not in Hawthorn's procedures:

Operator Qualification Field Inspection - Overpressure Valve Relief Pressure Testing

- The 5-minute test period at 90 % of set point is not in the procedure.
- Per the SME, procedure step 18, which says to average the last 3 pop off pressure readings to determine whether within the 3 % tolerance, is incorrect.

Hawthorn submitted an amended procedure on April 20, 2017, that satisfactorily addresses the above issues.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. 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).

Following the receipt of this Notice, you have 30 days to submit written comments, revised procedures, or a request for a hearing under §190.211. 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 an Order Directing Amendment. If 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. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within [number of days] 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 [Company name] maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to [Region Director's name], Director, [Region], Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 3-2018-6003M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

Enclosure: *Response Options for Pipeline Operators in Enforcement Proceedings*