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Laurel, MT 59044

January 14, 2022

Mr. Gregory Ochs
Director, Central Region
Office of Pipeline Safety
901 Locust Street, Suite 480
Kansas City, MO 64106

RE: CPF 3-2021-095-NOA - NOTICE OF AMENDMENT

Dear Mr. Ochs,,

Cenex Pipeline LLC, Front Range Pipeline LLC, and Jayhawk Pipeline LLC (collectively referred to herein as CHS) are submitting the following response to CPF 3-2021-095-NOA issued by the Pipeline Hazardous Materials Safety Administration (PHMSA) on December 16, 2021.

CHS intends to amend their procedures to resolve the issues identified during the referenced inspection. An overview of changes CHS is in the process of implementing are outlined below.

1. § 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.*

The Integrity Management (IM) program was inadequate because it did not have procedures for applying integrity management to the company's covered facilities (*i.e.*: pump stations and tank farms) as required by § 195.452(b)(1). Per § 195.452(a), each pipeline [see the definition of "*Pipelines*" in §195.2] that could affect a high consequence area are covered under § 195.452, including pump stations and tank farms, and are to be included in the IM program required by § 195.452(b)(1). It appeared that the company was applying integrity management measures to covered facilities in the field, but the procedures did not reflect what the company was doing, such

as: the could affect analysis, the continual evaluation of the facilities, preventative & mitigative measures, and other integrity management elements described in § 195.452(f).

The Company must amend its written IM procedures to comply with the requirements of § 195.452(b)(1) by including the elements of § 195.452(f) for covered facilities.

Response: CHS is amending the Integrated Integrity Management Program (IMP) written procedures to include Facility Integrity Management processes. These procedures reflect the processes that Jayhawk, Cenex, and Front Range have been operating under, but had not previously incorporated into the written IMP. Additionally, the 'Facility Piping Assessment Plan Worksheet' which includes Facility Piping Assessment Method Selection, Overall Facility Assessment, Facility Piping Assessment Results and Conclusions, and Facility Risk Evaluation sections will be incorporated as an appendix to the written IMP.

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.

The IM procedures were inadequate because they did not contain any guidance for performing an information analysis as required by § 195.452(g). The procedures did not contain the required data elements and attributes needed for the analysis, nor did it describe how and when the periodic information analyses were going to be completed or by whom.

The Company must amend its written IM procedures to comply with the requirements of § 195.452(g).

Response: CHS is amending the IMP written procedures to include Information Analysis (IA) procedures. These procedures will clarify the layers (database records) GIS staff will maintain to address all required elements of the IA process, per the bulleted list below. The procedures will also specify how often Integrity staff will evaluate the available data, how the IA will be conducted, as well as the process for documenting the IA review.

- Bond Lead Event – bond leads
- Casing Event – casing locations and lengths
- Depth of Cover Event – depth of cover measurements
- Dig History Event – dig data and date
- Exposure Event – exposure data
- External Coating Event – external pipe coating material and installation data
- Foreign Line Crossing Event – foreign line or foreign body crossing data

- HCA Boundary Event – HCA defined boundaries
- HCA Could Affect Segment Event – date of determination and CA details
- ILI Data Event
- ILI Inspection Range Event
- Interference Mitigation Event
- Land Use Event
- Launcher Receiver Event
- Line Patrol Event
- MOP Rating Event
- Marker Event – line markers locations
- One Call Activity Event
- Owner Operator Range Event – pipe ownership and operator data
- Physical Inspection Event – including data from inspections and repairs (PIR)
- Pipe Bend Event
- Pipe Join Event – pipe welds including tie-ins
- Pipe Length Event – pipe segment and pipe joint length data
- Pipe Segment Event – pipe infrastructure general information below the Route Event level
- Product Range Event – product transport data not including volume
- Profile Event – pipeline elevation per centerline location (extrapolated)
- Railroad Event – railroad crossings
- Rectifier Event – rectifier locations and details
- Regulatory Boundary Event – centerline crossings of regulatory boundaries defined by CHS or government entities
- Right of Way Event – land management data
- River Weight Event
- Road Event – road crossing details
- Sleeve Event – sleeve data
- Source Document Range Event – source information including CHS internal sources and metadata
- Spill Point – locations identified in spill modeling for potential impacts
- Status Range Event – Pipe route and segment status data
- Tap Event – tap locations
- Tee Event – tees
- Test Lead Event – test lead locations and details
- Test Pressure Event
- Township Boundary Event – land management data
- Valve Event – valve locations and details
- Vent Pipe Event
- Waterway Event – waterway crossing locations and details

3. § 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.

The IM procedures as did not address the annual verification of the risk factors used in identifying pipeline segments that could affect a high consequence area as required by § 195.452(j)(2). The IM Procedures on page 14 under *Program Overview* contained a requirement to review the risk factors used to identify a high consequence area annually not to exceed 15 months, but did not provide any guidance or details on how the review should be performed, who shall do it, and how it is to be documented.

The Company must amend its written IM procedures to comply with the requirements of § 195.452(j)(2).

Response: CHS is amending the IMP written procedures to include annual risk factor and HCA review processes. These procedures will clarify what data the GIS staff will review annually and how they will review the data. The procedures will also specify how often Integrity staff will evaluate the available data, how analysis will be conducted, as well as a process for documenting the review. A comprehensive annual project plan will be incorporated as an appendix to the written IMP procedures; this project plan describes in detail CHS Risk and HCA processes.

4. § 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.

The IM procedures did not contain adequate information regarding remedial actions and evaluations to address integrity issues raised by the assessment methods and information analysis as required by § 195.452(f)(4). Specifically, there were no appropriate procedures for remedial actions for seams, cracks or cracking and no procedures to ensure that proper non-destructive examination (NDE) method(s) and other information gathering processes are used to evaluate seams, cracks, or cracking. On the Jayhawk system, cracking was identified from a tool run in 2017. IM procedures to address remedial actions for this identified threat must be part of the IM program.

The Company must amend its written IM procedures to comply with the requirements of § 195.452(f)(4).

Response: CHS is amending the IMP written procedures to clarify remedial actions for seam related features, cracking related features, and crack features. The following language will be added to section 4.5 of the IMP plan:

4.5.1 Seam Related, Cracking Related, and Crack Feature Remediation

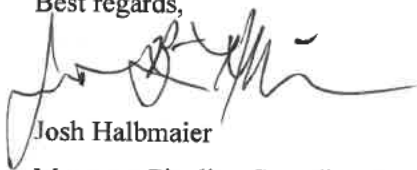
When assessments indicate Seam Related, Cracking Related, or Crack feature types the following non-destructive examination and remediation requirements shall apply:

- Seam related features shall be evaluated with magnetic particle testing, dye penetrant testing, or other suitable methods to determine whether cracks are present except external corrosion anomalies that interact with the seam in an incidental manner or when repair by replacement is used to mitigate the seam feature.
- Cracking related also called crack-like features described by some ILI vendors as "seam feature A" or "seam feature B" features shall be evaluated with magnetic particle testing, dye penetrant testing, or other suitable methods to determine whether cracks are present regardless of how the feature is ultimately mitigated. This data will then be used to inform future method selection efforts as well as cracking risk assessment.
- Confirmed Crack features shall be repaired or replaced in accordance with ASME B31.4 guidance and the appropriate pipeline O&M manual.

Copy of final revised document (IMP Plan) will be submitted prior to March 16, 2022.

If you need any further information from CHS, please contact me at (620) 241-9174.

Best regards,



Josh Halbmaier

Manager, Pipeline Compliance

C: Greg Brown, VP Pipelines and Terminals
Craig Harms, Director, Pipeline Operations
Michelle Slyder, Manager, DOT Compliance
Corey McIlvain, Manager, Pipeline Operations
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