



U.S. Department
of Transportation

Research and
Special Programs
Administration

400 Seventh St. S.W.
Washington D.C. 20590

JUL 14 2004

Mr. Joseph W. Moeller
President
Koch Industries, Inc.
4111 E. 37th St. North
Wichita, KS 67220

Re: CPF No. 34524

Dear Mr. Moeller:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It makes a finding of violation and finds that you have completed the actions specified in the Notice required to comply with the pipeline safety regulations. The Final Order also finds that you have addressed the inadequacies in your procedures that were cited in the Notice of Amendment. This case is now closed. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

James Reynolds
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosure

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

DEPARTMENT OF TRANSPORTATION
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, DC 20590

In the Matter of

Koch Industries, Inc.

Respondent

CPF No. 34524

FINAL ORDER

On October 5-7, 1993, pursuant to 49 U.S.C. § 60117, representatives of the Minnesota Office of Pipeline Safety, as agent for the Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of Respondent's facilities and records near Cottage Grove, Minnesota. As a result of the inspection, the Director, Central Region, OPS, issued to Respondent, by letter dated September 6, 1994, a Notice of Probable Violation, Proposed Compliance Order, and Notice of Amendment (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had violated 49 C.F.R. § 195.404(a)(2) and proposed that Respondent take certain measures to correct the alleged violation. The Notice also proposed, in accordance with 49 C.F.R. § 190.237, that Respondent amend its written procedures for operations, maintenance and emergencies (OM&E).

Respondent responded to the Notice by letter dated September 23, 1994 (Response). Respondent did not contest the allegations of violation and provided information concerning the corrective actions it has taken. Respondent did not request a hearing, and therefore waived its right to one.

FINDING OF VIOLATION

In its Response, Respondent did not contest the alleged violation in the Notice. Accordingly, I find that Respondent violated the following section of 49 C.F.R. Part 195, as more fully described in the Notice:

49 C.F.R. § 195.404(a)(2) – failing to have maps and records of its pipeline system that identify the location where Respondent's system crosses a foreign pipeline near the Pine Bend Refinery and Highways 52 and 55.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 3(a) in the Notice for violation of 49 C.F.R. § 195.404(a)(2). Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under Chapter 601. The Regional Director has reviewed the corrective action taken by Respondent and has indicated that the corrective action has achieved compliance with respect to this violation. Accordingly, since compliance has been achieved, it is not necessary to include the compliance terms in this order.

AMENDMENT OF PROCEDURES

Items 1(a) and 1(b) in the Notice alleged inadequacies in Respondent's OM&E manual and proposed to require amendment of Respondent's procedures to comply with the requirements of 49 C.F.R. § 195.402(c). Respondent did not contest the alleged inadequacies and submitted copies of its amended procedures, which the Director, Central Region, OPS, reviewed. Accordingly, based on the results of this review, I find that Respondent's original procedures as described in the Notice were inadequate to ensure safe operation of its pipeline system, but that Respondent has corrected the identified inadequacies. No need exists to issue an order directing amendment.

WARNING ITEMS

The Notice did not propose a civil penalty or corrective action for Items 2, 3(b), and 4 in the Notice; therefore, these are considered warning items. Respondent is warned that if it does not take appropriate action to correct these items, enforcement action will be taken if a subsequent inspection reveals a violation.


Stacey Gerard
Associate Administrator
for Pipeline Safety

JUL 14 2004

Date Issued