



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

APR 18 2008

1200 New Jersey Ave., S.E.
Washington, DC 20590

Mr. Dan Knepper
Vice President, Energy Operations
Front Range Pipeline, LLC
803 Highway 212 South
Laurel, MT 59044

Re: CPF No. 5-2005-5004

Dear Mr. Knepper:

Enclosed is the Final Order issued in the above-referenced case. It makes findings of violation and finds that you have completed the actions specified in the Notice required to comply with the pipeline safety regulations. It also finds that you have addressed the inadequacies in your procedures that were cited in the Notice of Amendment. Therefore, this case is now closed. Your receipt of the Final Order constitutes service under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Chris Hoidal
Director, Western Region, PHMSA

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

FINDING OF VIOLATION

Pursuant to 49 C.F.R. § 190.213 and U.S.C. § 60122, I find that Respondent violated the following section of 49 C.F.R. Part 195, as more fully described in the Notice:

Notice Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.1(c), which states:

49 C.F.R. § 195.1 Applicability.

(a) Except as provided in paragraph (b) of this section, this part applies to pipeline facilities and the transportation of hazardous liquids or carbon dioxide associated with those facilities in or affecting interstate or foreign commerce, including pipeline facilities on the Outer Continental Shelf.....

(c) Breakout tanks subject to this part must comply with requirements that apply specifically to breakout tanks and, to the extent applicable, with requirements that apply to pipeline systems and pipeline facilities. If a conflict exists between a requirement that applies specifically to breakout tanks and a requirement that applies to pipeline systems or pipeline facilities, the requirement that applies specifically to breakout tanks prevails.....

The Notice alleged that Respondent had failed to consider its Tank No. 74 to be a breakout tank and therefore had failed to meet the various requirements for breakout tanks under Part 195. A breakout tank is a tank used to relieve surges in a hazardous liquid pipeline system or to receive and store hazardous liquid transported by a pipeline for reinjection or continued transportation by pipeline. 49 C.F.R. § 195.2. The Notice alleged that “Tank 74 receives crude oil from the CHS Front Range pipeline terminus pressure relief.” In its Response, Respondent did not contest that Tank 74 is a breakout tank.

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 1 in the Notice for violation of 49 C.F.R. § 195.1. 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 Director has indicated that Respondent has taken certain corrective measures to bring the specified matter into compliance with § 195.1. Since compliance has been achieved with respect to this violation, it is unnecessary to include the proposed compliance terms in this Order.

AMENDMENT OF PROCEURES

With respect to items 3, 4, 6, and 9, the Notice alleged certain inadequacies in Respondent’s Operations, Maintenance, and Emergencies Manual (Manual) and proposed to require that Respondent amend it to comply with 49 C.F.R. §§ 195.402 – 195.404. Specifically:

Item 3 of the Notice alleged that Respondent violated 49 C.F.R. § 195.402(c)(4) because its Manual did not identify areas that would require an immediate response by the operator to prevent hazards to the public if the facilities failed or malfunctioned.

Item 4 of the Notice alleged that the Respondent violated 49 C.F.R. § 195.402(c)(13) because its Manual did not require periodic review of work done by the operator during normal operations to determine the effectiveness of the company's procedures.

Item 6 of the Notice alleged that the Respondent violated 49 C.F.R. § 195.403(a)(1)-(6) by failing to establish and conduct a continuing training program to instruct operating and maintenance personnel in emergency procedures.

Item 9 of the Notice alleged that the Respondent violated 49 C.F.R. § 195.404(a)(3) because its Manual failed to include the proper maximum operating pressure for the 10-inch pipeline installed in 1985 that runs from the Canadian border to the Santa Rita pump station.

Respondent did not contest the proposed Notice of Amendment but provided amended procedures, which the Director has reviewed and approved. Accordingly, based on the results of this review, I find that Respondent's original procedures and plans were inadequate to ensure safe operation of its pipeline system but that Respondent has corrected the identified inadequacies. Therefore, no need exists to issue an order directing amendment.

WARNING ITEMS

With respect to Items 2, 5, 7, 8, 10, 11, and 12, the Notice alleged probable violations of Part 195 but did not propose a civil penalty or compliance order for these items. Therefore, these items are considered warning items. The warnings were for:

49 C.F.R. § 195.310(b)(9) (Notice Item 2) —Respondent's failure to include in its testing records a profile showing elevation and test sites for the section of pipeline from the Canadian border to the Santa Rita pump station. The regulations require a profile where the elevation difference in a section exceeds 100 feet. Respondent's pressure test records for this section indicate an elevation difference of 618 feet.

49 C.F.R. § 195.402(d)(5) (Notice Item 5) – Respondent's failure to document in its Manual any review of abnormal operating conditions to determine the effectiveness of the company's procedures for controlling abnormal operation and taking corrective action where deficiencies are found.

49 C.F.R. 195.403(b)(1)-(2) (Notice Item 7) – Respondent's failure to demonstrate through its records that it had engaged in a review with personnel of their performance in meeting training program objectives and the company's failure to demonstrate that it had made appropriate changes to its emergency response training program to ensure its effectiveness. Respondent's records did not contain any records of an annual review of its emergency response personnel's performance to ensure the adequacy of their emergency response training.

49 C.F.R. § 403(c) (Notice Item 8) – Respondent’s failure to demonstrate through its records that it had verified that supervisors maintained a thorough knowledge of that portion of the § 195.402 procedures for which they were responsible. Although Respondent’s training procedures gave guidance for annual verification of each supervisor’s knowledge of procedures, Respondent had no records indicating that managers had actually verified each supervisor’s knowledge of such procedures.


49 C.F.R. § 195.428(a) (Notice Item 10) – Respondent’s failure to inspect and test at intervals of each calendar year not to exceed 15 months each relief valve to determine whether it was functioning properly, was in good mechanical condition, and was adequate from the standpoint of capacity and reliability of operation for the service in which it was used. At the time of the inspection, the Flex Flow relief valve on the Cutbank Tank Hill had not been tested at the proper intervals.

49 C.F.R. § 195.581(c)(1)-(2) (Notice Item 11) – Respondent’s failure to protect against atmospheric corrosion for portions of pipelines in soil-to-air interfaces or to show that corrosion would only be a light surface oxide or that it would not affect safe operation. Piping associated with Tank 10 at the Santa Rita pump station was resting directly on the ground with no additional coating for protection against soil abrasion. Areas where pipe rests directly on the ground are considered soil-to-air interfaces.

49 C.F.R. §§ 195.195.583(c) and 195.589(c) (Notice Item 12) – Respondent’s failure to protect against atmospheric corrosion and failure to maintain corrosion control records of each analysis, check, demonstration, inspection, investigation, review, survey, and test to detail the accuracy of corrosion control measures. Respondent’s atmospheric corrosion investigation records of certain valves north of the Santa Rita station indicated that there was atmospheric corrosion present. At the time of the inspection, no corrosion control measures action had been taken.

Having considered such information, I find, pursuant to 49 C.F.R. § 109.205, that probable violations of 49 C.F.R. § 195.310(b)(9) (Notice Item 2), 49 C.F.R. § 195.402(d)(5) (Notice Item 5), 49 C.F.R. 195.403(b)(1)-(2) (Notice Item 7), 49 C.F.R. § 403(c) (Notice Item 8), 49 C.F.R. § 195.428(a) (Notice Item 10), 49 C.F.R. § 195.581(c)(1)-(2) (Notice Item 11), and 49 C.F.R. §§ 195.195.583(c) and 195.589(c) (Notice Item 12) have occurred and Respondent is hereby advised to correct such conditions. In the event that PHMSA finds a violation for any of these items in a subsequent inspection, Respondent may be subject to future enforcement action.

The terms and conditions of this Final Order shall be effective upon receipt.

William H. Giese


 Jeffrey D. Wiese
 Associate Administrator
 for Pipeline Safety

APR 18 2008

 Date Issued