



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

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12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 7, 2007

Mr. Dan Knepper
VP, Energy Operations
Cenex Pipeline, Inc.
803 Highway 212 South
Laurel, MT 59044

CPF 5-2007-5032W -

Dear Mr. Knepper:

On April 2 through April 5, 2007, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Cenex Products Pipeline in Montana.

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

- §195.116 Valves.**
Each valve installed in a pipeline system must comply with the following:
(e) Each valve other than a check valve must be equipped with a means for clearly indicating the position of the valve (open, closed, etc.).

The upstream station valves for both the Rosebud and the Glendive stations are not equipped with a means to clearly indicate the position of the valve. The Rosebud station valve was installed after 1970 and therefore is required to be equipped with a means for clearly indicating the position of the valve.

2. **§195.214 Welding procedures.**

(b) Each welding procedure must be recorded in detail, including the results of the qualifying tests. This record must be retained and followed whenever the procedure is used.

The qualification for Cenex's in-service welding procedure does not have documentation of the macro tests required under Section 2.4.4 of Appendix B of API 1104.

3. **§195.402 Procedural manual for operations, maintenance, and emergencies.**

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:

(13) Periodically reviewing the work done by operator to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found.

CHS has a procedure for reviewing work done by personnel to evaluate the effectiveness of normal operations and maintenance procedures but there is no documentation of any reviews.

4. **§195.403 Emergency Response Training.**

(b) At the intervals not exceeding 15 months, but at least once each calendar year, each operator shall:

**(1) Review with personnel their performance in meeting the objectives of the emergency response training program set forth in paragraph (a) of this section; and
(2) Make appropriate changes to the emergency response training program as necessary to ensure that it is effective.**

CHS has a procedure for reviewing emergency personnel training to see if personnel have met emergency response training requirements but there is no documentation any reviews.

5. **§195.402 Procedural manual for operations, maintenance, and emergencies.**

(d) Abnormal operation. The manual required by paragraph (a) of this section must include procedures for the following to provide safety when operating design limits have been exceeded;

(5) Periodically reviewing the response of operator personnel to determine the effectiveness of the procedures controlling abnormal operation and taking corrective action where deficiencies are found.

CHS has a procedure for reviewing work done by personnel to evaluate the effectiveness of abnormal operation procedures but there is no documentation of any reviews being conducted.

6. **§195.403 Emergency Response Training.**
(c) Each operator shall require and verify that its supervisors maintain a thorough knowledge of that portion of the emergency response procedures established under 195.402 for which they are responsible to ensure compliance.

There is no formal documentation of supervisor emergency response procedure verifications.

7. **§195.573 What must I do to monitor external corrosion control?**
(a) Protected pipelines. You must do the following to determine whether cathodic protection required by this subpart complies with Sec. 195.571:
(1) Conduct tests on the protected pipeline at least once each calendar year, but with intervals not exceeding 15 months. However, if tests at those intervals are impractical for separately protected short sections of bare or ineffectively coated pipelines, testing may be done at least once every 3 calendar years, but with intervals not exceeding 39 months.

There is no documentation why test stations that were read during the 2004/2005 survey were not read during the 2006 survey.

8. **§195.583 What must I do to monitor atmospheric corrosion control?**
(c) If you find atmospheric corrosion during an inspection, you must provide protection against the corrosion as required by Sec. 195.581.

Documentation shows that Cenex has completed atmospheric corrosion inspections but there is no documentation showing the follow-up resulting from these inspections.

9. **§195.505 Qualification program.**
Each operator shall have and follow a written qualification program. The program shall include provisions to:
(a) Identify covered tasks;
(b) Ensure through evaluation that individuals performing covered tasks are qualified;

During this inspection the covered task for inspection and repair of powered valve actuators was observed being done by a Cenex qualified individual. Because of operational constraints the covered task could only be simulated. When the "qualified" individual stepped through the checklist for "Inspect and Repair Electro-mechanical Actuators" it became apparent that though the individual knew how to test the valve to ensure it was functioning correctly, the individual did not have the confidence to complete the electrical tests and repairs as shown on the checklist for the covered task, "Inspect and Repair Electro-Mechanical Actuator".

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any 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 Cenex 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 5-2007-5032W**. 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,

A handwritten signature in black ink that reads "Huy Van Nguyen". The signature is written in a cursive style with a small "fer" written above the "y" in "Huy".

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 G. Davis (#118877 & 119331)