



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

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

**NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 30, 2015

Mr. John Traeger
President
Cenex Pipeline LLC
803 HWY 212 S
P.O. Box 909
Laurel, MT 59044

CPF 5-2015-5013

Dear Mr. Traeger:

Between December 17, 2013 and June 26, 2014, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code, inspected Cenex Pipeline LLC's (Cenex) Control Room Management (CRM) Procedures in Laurel, Montana.

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

1. **§195.446 Control room management.**

(h) Training. Each operator must establish a controller training program and review the training program content to identify potential improvements at least once each calendar year, but at intervals not to exceed 15 months. An operator's program must provide for training each controller to carry out the roles and responsibilities defined by the operator. In addition, the training program must include the following elements:

- (1) Responding to abnormal operating conditions likely to occur simultaneously or in sequence;**
- (2) Use of a computerized simulator or non-computerized (tabletop) method for training controllers to recognize abnormal operating conditions;**
- (3) Training controllers on their responsibilities for communication under the operator's emergency response procedures;**
- (4) Training that will provide a controller a working knowledge of the pipeline system, especially during the development of abnormal operating conditions; and**
- (5) For pipeline operating setups that are periodically, but infrequently used, providing an opportunity for controllers to review relevant procedures in advance of their application.**

Cenex failed to establish a controller training program in accordance with Section 195.446(h). Section 195.446(a) required the controller training program to be implemented by August 1, 2012. Cenex's controller training program did not clearly define controller roles and responsibilities and did not include training for responding to abnormal operating conditions likely to occur simultaneously or in sequence. The training program did not identify setups that are periodically, but infrequently used, and did not indicate how the controllers were trained on the procedures used for such setups.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$43,200.00 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$43,200.00

Proposed Compliance Order

With respect to Item One (1) pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Cenex Pipeline LLC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

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. All material you submit in response to this enforcement action may be 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). 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 a Final Order.

In your correspondence on this matter, please refer to **CPF 5-2015-5013** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



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

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

cc: PHP-60 Compliance Registry
PHP-500 M. Petronis (#142794 and #148705)

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Cenex Pipeline LLC (Cenex) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Cenex with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to the Controller Training Program, Cenex must develop and implement a Controller Training Program that meets each of the requirements of § 195.446(h).
2. Cenex must complete Compliance Item #1 within 60 days of receipt of the Final Order.
3. It is requested (not mandated) that Cenex maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Chris Hoidal, Director, Western, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.