KPC Pipeline, L.L.C

January 7, 2013

Mr. David Barrett
Director, Central Region
Pipeline Hazardous Materials Safety Administration
901 Locust Street, Suite 462
Kansas City, MO 64106-2641

Reference: CPF 3-2012-1011M
Dated: December 8-10, 2010

Dear Mr. Barrett:

We have received your letter dated November 27, 2012 following an inspection on December 8-10, 2010. The inspection covered the PostRock KPC Pipeline, LLC, now renamed to KPC Pipeline, LLC (KPC). During the Integrity Management Program Annual Review in October 2012, the KPC Integrity Management Team decided to change their current to Integrity Management Plan from RCP's plan to a plan customized to KPC by The Compliance Group, Inc. The change to the new Integrity Management Program manual has resolved the stated inadequacies found by the PHMSA inspector.

1. **An identification of all high consequence areas, in accordance with §192.905.**

   §192.905 How does an operator identify a high consequence area?

   Item 1A: (b)(1) Identified Sites. An operator must identify an identified site, for purposes of this subpart, from information the operators obtained from routine operation and maintenance activities and from public officials with safety or emergency response or planning responsibilities who indicate to the operator that they know of locations that meet the identified site criteria. These public officials could include officials on a local emergency planning commission or relevant Native American tribal officials.

   PostRock's procedures for identifying new covered segments were inadequate because they did not ensure that information obtained from routine operations and maintenance activities, such as, patrolling, continuing surveillance, and similar functions, was incorporated into the integrity management program and evaluated for new high consequence are determinations.

KPC Response: KPC performs routine operations and maintenance activities as part of the KPC O&M Manual procedures. KPC will utilize the data gathered from these activities in the KPC Integrity Management Program.

i. The following statement was pulled from page 1-2, §1.1 of the KPC 2012 Integrity Management Plan (Attachment A1): "KPC will perform an update to the HCA analysis when new data becomes available from either the class location house count survey or data gathering by field personnel for validating applicable PIR buffer zones used in determining any new identified sites."

ii. The following statement was pulled from page 1-5, §1.6 of the KPC 2012 Integrity Management Plan (Attachment A2): "Routine Operations and Maintenance activities should also be used to identify any pipelines that need to be included in the Integrity Management Program."

2. **An identification of threats to each covered pipeline segment, which must include data integration and a risk assessment. An operator must use the threat identification and risk assessment to prioritize covered segments for assessment (§192.917) and to evaluate the merits of additional preventive and mitigative measures (§192.935) for each covered segment.**

§192.917 How does an operator identify potential threats to pipeline integrity and use the threat identification in its integrity program?

Item 2A: (a) Threat identification. An operator must identify and evaluate all potential threats to each covered pipeline segment. Potential threats that an operator must consider include, but are not limited to, the threats listed in ASME/ANSI B31.8S (incorporated by reference, see §192.7), section 2…

PostRock's procedures were inadequate because they do not contain an analysis or evaluation of the potential detrimental impacts on pipeline integrity that might occur due to the possibility of interaction between existing identified threats.

KPC Response: Section 3.1 of the KPC 2012 Integrity Management Plan includes a process for evaluating interactive threats. The process starts on page 3-2 and continues with Form 3.1 on page 3-3. This section is included in this response as Attachment B.

Item 2B: (b) Data gathering and integration. To identify and evaluate the potential threats to a covered pipeline segment, an operator must gather and integrate existing data and information on the entire pipeline that could be relevant to the covered segment. In performing this data gathering and integration, an operator must follow the requirements in ASME/ANSI B31.8S, section 4. At a minimum, an operator must gather and evaluate the set of data specified in Appendix A to ASME/ANSI B31.8S, and consider both on the covered segment and similar non-covered segments, past incident history, corrosion control records, continuing surveillance records, patrolling records, maintenance history, internal inspection records and all other conditions specific to each pipeline.

PostRock's procedures were inadequate because they did not clearly define how existing data on the entire pipeline, including non-covered segments, was gathered, integrated, and applied to the risk analysis on similar covered segments. For example, procedures did not specify whether a leak on a non-covered segment of a pipeline contributes to the leak history of a covered segment on the same pipeline that experienced a similar operational, maintenance, and corrosion control history.

KPC Response: Section 3 of the 2012 KPC Integrity Management Plan goes into greater detail in the risk analysis data gathering process (Section 3 is included as Attachment C1). Below are a few examples from Section 3 and language pulled from Section 8 regarding corrosion data gathering.

i. The following statement was pulled from page 3-5 of §3.2: "KPC will collect, manage, and integrate existing data and information on the entire pipeline that could be relevant to covered segments and non-covered segments where applicable."
ii. The following statement was pulled from page 3-4 of §3.1: "Leak and incident history, repair history, and cathodic protection history (on covered segments and non-covered segments that share a similar operational, maintenance and corrosion history)"
iii. The following statement was pulled from page 8-7 of §8.6 (included in Attachment C2): "Leak and incident history, repair history, and cathodic protection history (on covered segments and non-covered segments that share a similar operational, maintenance and corrosion history)."

Item 2C: (e) Actions to address particular threats. If an operator identifies any of the following threats, the operator must take the following actions to address the threat. (5) Corrosion. If an operator identifies corrosion on a covered pipeline segment that could adversely affect the integrity of the line (conditions specified in §192.933), the operator must evaluate and remediate, as necessary, all pipeline segments (both covered and non-covered) with similar material coating and environmental characteristics. An operator must establish a schedule for evaluating and remediating, as necessary, the similar segments that is consistent with the operator's established operating and maintenance procedures under Part 192 for testing and repair.

PostRock's procedures were inadequate because they did not clearly require that both covered and non-covered pipeline segments with similar coating and environmental characteristics be evaluated and remediated when corrosion that could adversely affect the integrity of a covered pipeline segment is identified. The procedures currently link this evaluation to the Threat Severity Index, not to the identification of actual corrosion that could adversely affect pipeline integrity.

KPC Response: The Risk Assessment process no longer links the process to a Threat Severity Index. The following statement was pulled from page 3-6 of §3.3 in the KPC 2012 Integrity Management Plan (Attachment C3): "This process [Risk Assessment process] involves gathering data on the design, construction, operation, maintenance, testing, inspection and other information about the pipeline system (including non-covered segments with similar coating and environmental characteristics)."

3. **Provisions meeting the requirements of §192.935 for adding preventive and mitigative measures to protect the high consequence areas.**

§192.335 What additional preventive and mitigative measures must an operator take?

Item 3A: (a) General requirements. An operator must take additional measure beyond those already required by Part 192 to prevent a pipeline failure and to mitigate the consequences of a pipeline failure in a high consequence area. An operator must base the additional measures on the threats the operator has identified to each pipeline segment. (See §192.917) An Operator must conduct, in accordance with one of the risk assessment approaches in ASME/ANSI B31.8S (incorporated by reference, see §192.7), section 5, a risk analysis of its pipeline to identify additional measures to protect the high consequence are and enhance public safety. Such additional measures include, but are not limited to…

PostRock's procedures were inadequate because they only required that additional preventive and mitigative measures be considered whenever the Threat Severity Index of a given threat exceeds 67% criterion. Preventive and mitigative measures may be valuable and appropriate to address identified threats and should be considered even though this threshold has not been met. PostRock's procedures were also inadequate because they did not consider a range of potential measures, but only those specifically listed in the regulations.

KPC Response:

i. The KPC 2012 Integrity Management Plan does not limit the preventive and mitigative measures to only those lines with a specific threat level. The plan also considers a broader range of potential measures, not solely those listed in the regulations. Specifically, the following statement is pulled from §8.1 "KPC will take additional measures beyond those already required by Part 192 to prevent a pipeline failure and to mitigate the consequences of a pipeline failure in a High Consequence Area." (Attachment D1)

Item 3B: (c) Automatic shut-off valves (ASV) or Remote control valves (RCV). If an operator determines, based on a risk analysis, that an ASV or RCV would be an efficient means of adding protection to a high consequence area in the event of a gas release, an operator must install the ASV or RCV. In making that determination, an operator must, at least, consider the following factors—swiftness of leak detection and pipe shutdown capabilities, the type of gas being transported, operating pressure, the rate of potential release, pipeline profile, the potential for ignition, and location of nearest response personnel.

PostRock's procedures were inadequate because they did not delineate an evaluation process based on risk analysis even though the specified factors are to be considered. An analysis of remotely-controlled and automatic shutoff valves to reduce the consequences of a release on the KPC system was reportedly performed by Enbridge when they operated the system; however, that analysis was not available for review during the inspection.

KPC Response:

i. The KPC 2012 Integrity Management Plan (§8.7) requires a risk reduction analysis to determine if either an ASV or RCV would be an appropriate means of providing additional protection in a high consequence area. (Attachment D2)

4. **A management of change process as outlined in ASME/ANSI B31.8S, section 11.**

Item 4A:
PostRock's procedures were inadequate because they did not ensure that physical changes to the pipeline system are evaluated for potential impact on the integrity management program **prior to implementation**.

KPC Response: KPC will evaluate changes planned to the KPC pipeline system prior to the changes being implemented. The following statement was pulled from page 11-1 of §11.2 in the KPC 2012 Integrity Management Plan (Attachment E): "Formal management of change (MOC) procedures has been developed in order to identify and consider the impact of changes to the KPC pipeline systems and their integrity prior to implementing the change."

5. **A quality assurance process as outlined in ASME/ANSI B31.8S, section 12.**

Item 5A:
PostRock's procedures were inadequate because they did not adequately delineate the roles and responsibilities for key personnel in performing integrity management related activities. For example, the position descriptions for the Operations Manager and System Supervisor did not refer to integrity management even though these positions play a key role in developing and implementing the program.

KPC Response:

i. The KPC 2012 Integrity Management Plan lists specific integrity responsibilities for key personnel in the Introduction, page Intro-4, §1.1. (Attachment F)

6. **A communication plan that includes the elements of ASME/ANSI B31.8S, section 10, includes procedures for addressing safety concerns raised by –**
(1) OPS; and
(2) A State or local pipeline safety authority when a covered segment is located in a State where OPS has an interstate agent agreement.

Item 6A:
PostRock's procedures were inadequate because they only included provisions for responding to formal expressions of concern, such as Notice letters. The procedures did not provide guidance on how PostRock personnel should respond to safety concerns that are expressed through more informal means of communications, such as, via telephone call or email.

KPC Response:

i. The KPC 2012 Integrity Management Plan provides guidance for responding to any concerns, not just concerns provided through formal Notice letters. The following statement is pulled from page 13-2 of §13.2 (Attachment G): "Any safety concerns noted by the PHMSA or state Pipeline Safety Authorities will be promptly addressed by the IMT to assure continued safe operations and compliance of the KPC pipeline system."

It is toward KPC's continuing commitment to operate in a manner that not only complies with Federal regulations, but ensures the safety of all operating personnel and affected population that we appreciate this opportunity to address the items brought forth in your letter. Should specific items provided to evidence our compliance be found not sufficient, please advise so that we may remedy the issues as soon as possible.

If you should have any questions or require further information please contact me at (913)764-6015.

Sincerely,

Joe Fowler
Operations Manager

enclosures