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

901 Locust Street, Suite 462
Kansas City, MO 64106-2641

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 29, 2015

Mr. Kim Penner, President
Koch Pipeline Company, L.P.
4111 East 37th Street North
Wichita, Kansas 67220

CPF 3-2015-5002M

Dear Mr. Penner:

On September 22 through 26, 2014, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) Central Region and the Minnesota Office of Pipeline Safety pursuant to Chapter 601 of 49 United States Code inspected the Woodriver Pipeline from Rosemount, Minnesota, to Woodriver, Illinois.

On the basis of the inspection, PHMSA has identified apparent inadequacies found within Koch Pipeline Company, L.P.'s (Koch) plans or procedures, as described below:

1) **§195.402 Procedural manual for operations, maintenance, and emergencies.**

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding fifteen months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

Koch's process did not adequately describe which procedures must be reviewed annually. Any procedure or practice used to conduct normal operations and maintenance or handle abnormal operations and emergencies, as required by 49 CFR Part 195, is considered a procedure regardless of where it exists, and must be reviewed annually. This includes those procedures within software based work management systems, and other company standards referenced by Koch's Operations Maintenance & Emergency (OM&E) manual.

2) **§195.402(a) (see above)**

(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:

(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.

§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:

(2) Identify not more than two (2) years after cathodic protection is installed, the circumstances in which a close-interval survey or comparable technology is practicable and necessary to accomplish the objectives of paragraph 10.1.1.3 of NACE SP 0169 (incorporated by reference, see § 195.3).

Koch's procedures for identifying the circumstances in which a close interval survey (CIS) is necessary were inadequate. The procedures should specifically define the circumstances when a CIS is needed, including how often a CIS is to be performed on pipelines within the Koch system.

3) **§195.402(a) (See above)**

(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:

(12) Establishing and maintaining liaison with fire, police, and other appropriate public officials to learn the responsibility and resources of each government organization that may respond to a hazardous liquid or pipeline emergency ...

Koch's procedures did not include a process to incorporate into the OM&E manual the information learned during liaison efforts. The responsibility and resources of each government organization that may respond to a pipeline emergency that is learned by Koch should be included in appropriate parts of the OM&E plans and procedures.

4) **§195.402(a) (See above)**

(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 personnel to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found.

Koch's OM&E procedures did not establish an adequate method for periodically reviewing the work done by personnel to determine the effectiveness of the procedures. Koch should review the work performed by personnel in comparison to the procedures, and take corrective action where deficiencies are found.

5) **§195.402(a) (See above)**

§195.452 Pipeline integrity management in high consequence areas.
(l) What records must an operator keep to demonstrate compliance?

(1) An operator must maintain, for the useful life of the pipeline, records that demonstrate compliance with the requirements of this subpart. At a minimum, an operator must maintain the following records for review during an inspection:

(ii) Documents to support the decisions and analyses, including any modifications, justifications, deviations and determinations made, variances, and actions taken, to implement and evaluate each element of the integrity management program listed in paragraph (f) of this section.

a) Koch's procedures must be expanded to include documenting inline inspection (ILI) run validation and correlation dates as part of the implementation of §195.452(f)(4) and (f)(8) integrity management program elements.

b) Koch's procedures must include a systematic process to document the implementation and evaluation of the integrity management (IM) program at facilities. The records documentation process should include: identification of facilities in the IM program [§195.452(f)(1)], data integration and information analysis [§195.452(f)(3)], periodic evaluation of integrity [§195.452(f)(5)], identification and implementation of preventive and mitigative measures [§195.452(f)(6)], and evaluation of IM program effectiveness at facilities [§195.452(f)(7)]. The process should demonstrate how risks identified at facilities are addressed; including tanks, pumps, piping and other appurtenances within facilities.

6) **§195.452(f) What are the elements of an integrity management program?**

(6) Identification of preventive and mitigative measures to protect the high consequence area (see paragraph (i) of this section);

§195.452(i)(2) Risk Analysis Criteria. In identifying the need for additional preventive and mitigative measures, an operator must evaluate the likelihood of a pipeline release occurring and how a release could affect the high consequence area. This determination must consider all relevant risk factors, including, but not limited to:

(i) Terrain surrounding the pipeline segment, including drainage systems such as small streams and other smaller waterways that could act as a conduit to the high consequence area;

To adequately understand how a release could affect high consequence areas (HCA), Koch's water transport analysis process should be modified. At the time of PHMSA's inspection, where pipe intersects a water body Koch's process assumed the pipe could affect an HCA. In some cases spilled product could transport significantly further downstream affecting multiple HCA's. However, the water transport analysis did not model oil migration for a sufficient period of time to identify the number and types of HCAs that could be affected by a spill. This information is necessary for risk analysis and to support decisions regarding implementation of additional preventive and mitigative measures within the IM program.

7) **§195.452(f) What are the elements of an integrity management program?**

(6) Identification of preventive and mitigative measures to protect the high consequence area (see paragraph (i) of this section);

§195.452(i)(4) Emergency Flow Restricting Devices (EFRD). If an operator determines that an EFRD is needed on a pipeline segment to protect a high consequence area in the event of a hazardous liquid pipeline release, an operator must install the EFRD. In making this determination, an operator must, at least, consider the following factors–the swiftness of leak detection and pipeline shutdown capabilities, the type of commodity carried, the rate of potential leakage, the volume that can be released, topography or pipeline profile, the potential for ignition, proximity to power sources, location of nearest response personnel, specific terrain between the pipeline segment and the high consequence area, and benefits expected by reducing the spill size.

Koch's preventative and mitigative measures process for EFRD studies did not include adequate decision making criteria considering the required factors in §195.452(i)(4). The decision making process should address the purpose, specific analysis procedure, and risk reduction goals to be achieved from EFRD studies.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. 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. 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). 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.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within sixty (60) days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Koch Pipeline Company, L.P. maintains documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Allan C. Beshore, Director, Central Region, Pipeline and Hazardous Materials Safety Administration.

In correspondence concerning this matter, please refer to **CPF 3-2015-5002M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Allan C. Beshore
Director Central Region, OPS
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*