

NOTICE OF AMENDMENT

VIA ELECTRONIC MAIL TO: Matt.Smorch@countrymark.com and blair.currie@countrymark.com

October 2, 2020

Mr. Matt Smorch
Chief Executive Officer
CountryMark Refining and Logistics, LLC
225 S.E. St., Suite 44
Indianapolis, IN 46202

CPF 3-2020-5015M

Dear Mr. Smorch:

From July 29 through August 2 and August 12 through 16, 2019, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected CountryMark Refining and Logistics, LLC (CountryMark) procedures for operation and maintenance (O&M) and integrity management (IM) in Mount Vernon, Indiana.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within CountryMark's plans or procedures, as described below:

1. **§195.402 - Procedural manual for operations, maintenance, and emergencies.**
 - (a) . . .
 - (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:**

(1) . . .

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

CountryMark's procedure "P-195.214 Weld Pipeline, Rev 10: 3-4-2018" was inadequate in two sections. First, Section 10, Welder Performance Qualifications, is inadequate because ASME Sec. IX and API 1104 are mixed together in the steps with no separation to provide a distinction on proper application. Second, Section 14.2, Nondestructive Testing of Welds, step 5 does not provided sufficient detail on the nondestructive testing of girth welds as outlined in §195.234(e). CountryMark must amend its procedure "P-195.214 Weld Pipeline" to provide a proper distinction between ASME Section XI and API 1104 in Section 10 and provide a process with adequate detail for the nondestructive testing of girth welds.

2. §195.402(c)(3) - See above

§195.420 Valve maintenance.

(a) Each operator shall maintain each valve that is necessary for the safe operation of its pipeline systems in good working order at all times.

CountryMark's procedure "P-195.420 – Inspection and Maintaining Valve, Rev 2: 3-20-2018" is inadequate because it does not reflect the process that CountryMark personnel perform to satisfy the requirement for valve maintenance. Specifically, the procedure does not reference CountryMark's other procedures titled "Steps to Create a Work Request" and "Work order Priority Guide," which set forth the steps that personnel must complete when preparing work orders for valves, as necessary, following valve inspections. CountryMark must amend its procedure "P-195.420 – Inspection and Maintaining Valve" to include a reference to its "Steps to Create a Work Request" and "Work order Priority Guide" procedures.

3. §195.402(c)(3) - See above

§195.422 Pipeline Repairs.

(a) . . .

(b) No operator may use any pipe, valve, or fitting, for replacement in repairing pipeline facilities, unless it is designed and constructed as required by this part.

CountryMark's procedure "P-195.422 – Pipeline Repairs and Replacement, Rev 4" is inadequate because it does not reflect what CountryMark personnel do to satisfy the requirement of pipeline repair. Specifically, the procedure does not include references to CountryMark's procedures "Steps to Create a Work Request" and "Work Order Priority Guide," which set forth the steps that personnel must complete when preparing work orders for pipeline repairs, as needed. CountryMark must amend its procedure "P-195.422 – Pipeline Repairs and Replacement" to include a reference to its "Steps to Create a Work Request" and "Work order Priority Guide" procedures.

4. §195.402(c)(3) - See above

§195.452 Pipeline integrity management in high consequence areas.

(a) . . .

(h) What actions must an operator take to address integrity issues?

(1) General requirements. An operator must take prompt action to address all anomalous conditions the operator discovers through the integrity assessment or information analysis. In addressing all conditions, an operator must evaluate all anomalous conditions and remediate those that could reduce a pipeline's integrity. An operator must be able to demonstrate that the remediation of the condition will ensure the condition is unlikely to pose a threat to the long-term integrity of the pipeline. An operator must comply with §195.422 when making a repair.

(i) Temporary pressure reduction. An operator must notify PHMSA, in accordance with paragraph (m) of this section, if the operator cannot meet the schedule for evaluation and remediation required under paragraph (h)(3) of this section and cannot provide safety through a temporary reduction in operating pressure.

(ii) Long-term pressure reduction. When a pressure reduction exceeds 365 days, the operator must notify PHMSA in accordance with paragraph (m) of this section and explain the reasons for the delay. An operator must also take further remedial action to ensure the safety of the pipeline.

CountryMark's procedure "P-195.428(a) – Inspect, Calibrate, and Maintain Overpressure Safety Devices and Overfill Protection Systems" is inadequate because it does not include what further remedial actions that the operator must take when a pressure reduction exceeds 365 days pursuant to §195.452(h)(1)(ii). Specifically, a review of CountryMark's "P-195.428(a) – Inspect, Calibrate, and Maintain Overpressure Safety Devices and Overfill Protection Systems" procedure revealed that the procedure does not include a process for or a list of remedial actions, such as adjusting applicable field pressure equipment, for ensuring the safety of the pipeline when pressure changes made under §195.452(h)(ii) become long-term. Therefore, CountryMark must amend its "P-195.428(a) – Inspect, Calibrate, and Maintain Overpressure Safety Devices and Overfill Protection Systems" procedure to set forth the further remedial actions that must be taken to ensure the safety of the pipeline when long-term pressure reductions exceed 365 days.

5. §195.402(c)(3) - See above

§195.587 What methods are available to determine the strength of corroded pipe?

Under §195.585, you may use the procedure in ASME/ANSI B31G (incorporated by reference, see §195.3) or in PRCI PR-3-805 (R-STRENG) (incorporated by reference, see §195.3) to determine the strength of corroded pipe based on actual remaining wall thickness. These procedures apply to corroded regions that do not penetrate the pipe wall, subject to the limitations set out in the respective procedures.

CountryMark's procedure "P-195.585 – General and Localized Corrosion Measurement & Mitigation" is inadequate because the scope of the procedure only covers external corrosion. Specifically, Section 2 – Scope of the procedure fails to include internal corrosion and the applicable determinations CountryMark must take pursuant to §195.587. CountryMark must amend its procedure "P-195.585 – General and Localized Corrosion Measurement & Mitigation" to account for internal corrosion and the applicable determinations under §195.587.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement 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).

Following the receipt of this Notice, you have 30 days to submit written comments, revised procedures, or a request for a hearing under §190.211. 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 an Order Directing Amendment. If 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. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 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 CountryMark Refining and Logistics, LLC maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Greg Ochs,

Director, Central Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 3-2020-5015M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Gregory A. Ochs
Director, Central Region, OPS
Pipeline and Hazardous Materials Safety Administration

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

cc: Mr. Blair Currie, Pipeline Integrity Manager, CountryMark Refining and Logistics, LLC
1200 Refinery Rd, Mount Vernon, IN 47620 , blair.currie@countrymark.com