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

901 Locust Street, Suite 480
Kansas City, MO 64106

NOTICE OF AMENDMENT

VIA ELECTRONIC MAIL TO: jeff.ramsey@fhr.com, kelley.cabrerra@fhr.com, **and** kim.gerold@fhr.com

June 8, 2022

Mr. Jeff Ramsey
President and CEO
Flint Hills Resources, LLC
4111 E. 37th Street North
Wichita, Kansas 67220

CPF 3-2022-051-NOA

Dear Mr. Ramsey:

From April 12, 2021, through October 1, 2021, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), and the Minnesota Office of Pipeline Safety (MNOPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.) Part 195, inspected Flint Hills Resources, LC (FHR) procedures for its Minnesota and Southern Crude system and Northern Operations Group (NOG).

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within FHR's NOG 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 15 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.

FHR's Operations and Maintenance Liquids Manual M1410.100, Version 58.0, (O&M) Section 2.2 does not adequately identify which department or what position(s) is responsible for filing reportable accident reports to PHMSA, the National Response Center (NRC), and other regulatory agencies pursuant to § 195.50 and is, therefore, inadequate to comply with § 195.402(a).

FHR must amend its written procedures to comply with the requirements of § 195.50.

2. § 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 15 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.

FHR's O&M does not provide adequate guidance for determining the appropriate remedial actions that are required following the initial inspection of extreme weather events and natural disasters pursuant to § 195.414(d), and is therefore inadequate to comply with § 195.402(a). Specifically, although FHR's O&M, Section 4.16.1, states that the inspection and consequent remedial action, if any, shall be documented within the appropriate Work Management System, the procedure does not adequately outline appropriate remedial action requirements to ensure the safe operation of the pipeline. In addition, the O&M does not identify what documentation is required, when the remedial actions or monitoring should be performed, or what position(s) or which department is responsible for ensuring that the remedial actions are completed.

FHR must amend its written procedures to comply with the requirements of § 195.414(d).

3. § 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:

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

FHR's O&M does not provide sufficient detail with respect to proper valve maintenance, and is therefore inadequate to comply with § 195.402(c)(3). Specifically, FHR's O&M, Section 3.2.14, identifies maintenance intervals and that valves necessary for the safe operation of the pipeline system shall be in good working order at all times. However, the procedure does not

define a timetable to correct deficiencies identified during operation or during valve inspections with remedial actions documented. In addition, the procedure does not specify what proper valve maintenance entails and does not identify which department or what position(s) is responsible for carrying out the valve maintenance program.

FHR must amend its written procedures to comply with the requirements of § 195.402(c)(3).

4. § 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:

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

FHR's O&M does not provide sufficient detail regarding the testing and inspection of overpressure safety and overfill systems pursuant to § 195.428(a), and is therefore inadequate to comply with § 195.402(c)(3). Specifically, FHR's O&M Section 3.2.9 does not include references to FHR's PRC 1302.044 (Overpressure Safety Device (OPSD) Relief Check Valve, Online), PRC 1302.045 (Overpressure Safety Device (OPSD) Relief Check Valve, Offline), or other FHR valve inspection procedures that provide the following guidance:

- Require inspection of discharge pressure control valves to ensure proper set point, span, and zero of the control device;
- Require testing of all transmitters/transducers that send pressure signals to logic controllers that maintain pipeline pressure at or below MOP;
- Employs manufacturer data to derive factors affecting the calculation of capacity and/or direct measurement during full flow conditions;
- Verifies that the calculated capacities include the effect of piping size and length associated with the relief device.

FHR must amend its written procedures to comply with the requirements of § 195.428(a).

5. § 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:

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

FHR's O&M does provide adequate detail as to how periodic overfill protection device inspections are to be carried out pursuant to § 195.428(c), and is therefore inadequate to

comply with § 195.402(c)(3). Specifically, FHR's O&M, Section 3.2.9, does not specify which department, or what position(s), is responsible for carrying out overfill protection inspections. In addition, the procedure does not specify that overfill protection device inspections be completed in accordance to API RP 2350, Section 4.8, or other FHR technical guidelines or procedures that give additional detail as to how the inspections are to be performed.

FHR must amend its written procedures to comply with the requirements of § 195.428(c).

6. § 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:

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

FHR's O&M fails to provide adequate detail as to what should be inspected during routine in-service breakout tank inspections pursuant to § 195.432(b), and is therefore inadequate to comply with § 195.402(c)(3). Specifically, although Section 3.2.19.1 of the O&M requires breakout tank visual inspections at least once per month, the procedures do not provide adequate detail as to what should be inspected, incorporate FHR's AST Inspection Guidelines associated with routine in-service breakout tank inspections, or specifically identify routine in-service inspection information required by API 653, Section 6.3.1.3 (incorporated by reference in 49 CFR Part 195).

FHR must amend its written procedures to comply with the requirements of § 195.432(b).

7. § 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:

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

During the PHMSA inspection, PHMSA determined that High-Voltage Direct-Current (HVDC) power lines were installed that cross FHR's Minnesota Pipeline system. In addition, there are potential HVDC projects underway which would cross the Woodriver Pipeline in the future. FHR's technical guideline procedure, TG1603.206 (Version 18.1), titled, "Cathodic Protection Criteria and Requirements for Survey and Remedial Action,"

does not incorporate HVDC power line monitoring or guidance in the event that HVDC power lines influence FHR's pipeline systems pursuant to § 195.577(a). Therefore, the procedure is inadequate to comply with §195.402(c)(3). Specifically, FHR's procedure does not include information as to what needs to be monitored, frequency of monitoring, or what devices need to be maintained when HVDC power lines have potential to influence FHR's pipeline systems.

FHR must amend its written procedures to comply with the requirements of § 195.577(a).

8. § 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:

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

FHR's O&M and Technical Guideline TG1601.191 fails to adequately incorporate atmospheric and soil-to-air deficiency remediation guidelines pursuant to § 195.581(c), and is therefore inadequate to comply with § 195.402(c)(3). Specifically, although FHR's O&M, Section 3.3.15, refers to FHR's Technical Guideline TG1601.191, the O&M does not directly incorporate by reference FHR's procedure PRC1606.205, which is FHR's Atmospheric Corrosion Evaluation Procedure. In addition, although PRC1606.205, Section 10.1, Step 8, specifies that atmospheric corrosion be remedied within 36 months from the inspection date, the soil-to-air interface remediation requirements are not clear. Soil-to-air interfaces must be cleaned and coated to protect against atmospheric corrosion because those locations do not fall into the exceptions listed under § 195.581(c), which allows the pipeline to not be protected against atmospheric corrosion if the corrosion will not affect the safe operation of the pipeline before the next inspection cycle.

FHR must amend its written procedures to comply with the requirements of § 195.581(c).

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 90 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 that Flint Hills Resources, LC, maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Mr. Gregory A. Ochs, Director, Central Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to CPF 3-2022-051-NOA and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

GREGORY ALAN OCHS Digitally signed by GREGORY ALAN OCHS
Date: 2022.06.08 13:03:29 -05'00'

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

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

cc: Kelley Cabrera, Senior Compliance Specialist, kelley.cabrera@fhr.com
Kim Gerold, Manager, Pipeline Safety, kim.gerold@fhr.com