CHS

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February 29, 2012

Mr. Chris Hoidal
Director, Western Region
Office of Pipeline Safety
Research and Special Programs Administration
12300 W. Dakota Avenue, Suite 110
Lakewood, Colorado 80228

RE: CPF No. 5-2011-5016M

Dear Mr. Hoidal,

This letter is the follow up response to the above referenced Notice of Amendment issued by the PHMSA on December 30 1, 2010 in regards to the NOPV associated with the pipeline safety inspection conducted on Front Range Pipeline (FRPL) facilities.

Item 1 – CHS has updated the procedures in Section F of the O&M Manual to provide the correct URL(s) for on-line reporting and forms on pages F-3 and F-4.

Item 2 – CHS has amended the Integrity Management Program, Verification and Remediation Dig procedure (Integrity Management Program, Page 183) to address remediation requirements for Non-Could Affect Segments.

Item 3 – CHS has amended the Field Patrol Reporting procedure to include the method of reporting immediate and reportable conditions on Page J-3 of the Operation and Maintenance Manual.

Item 4 – CHS has updated the procedures in Section J, (See Pages J-9 and J-10) of the O&M Manual to include details on the process to be used to track follow-up maintenance resulting from Block Valve Inspections.

Item 5 – CHS has updated the procedures in Section J (See Page J-17) and the CHS Request for Quote for Installation of Internal Liner in API 650 Welded Steel Oil Storage Tank to include requested tank liner requirements.

Item 6 – CHS has updated the procedures in Section H (See Pages H-20 and H-21) of the O&M Manual to provide a method to ensure that coating conditions requiring repair, as identified during the atmospheric corrosion inspections, will be repaired or replaced.

Item 7 – CHS removed the incorrect record retention reference from page H-7. The only records retention references for CP are now contained on pages H-22 and H-22.

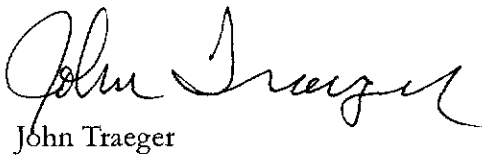
Item 8 – CHS amended Form L-2 to include a method to document the response to the Abnormal Operation Event.

Item 9 – CHS amended the procedure in the OQ program to ensure contractors are evaluated to the task specific and system specific AOCs as part of the evaluation process (Operator Qualification Program, Page 14)

Item 10 – CHS has amended the OQ program to include the appropriate address for submitting notification of significant program changes to PHMSA (Operator Qualification Program, Page 16).

If you need any further information from CHS, please let me know.

Sincerely,



John Traeger

Manager, Pipelines and Terminals
CHS, Inc.

C: Mike Stahly
Michelle L. Slyder

If an accident involves a release of petroleum, the CHS Pipelines and Terminals Emergency Procedures Manual and Oil Spill Response Plan must be implemented.

A reportable accident is defined by 49 CFR 195.50 to be any failure in a pipeline system, subject to 49 CFR Part 195, in which there is a release of a hazardous liquid being transported resulting in any of the following:

1. Explosion or fire not intentionally set by CHS.

2. Release of five (5) gallons (19 liters) or more of hazardous liquid or carbon dioxide, except that no report is required for a release of less than five (5) barrels (0.8 cubic meters) resulting from a pipeline maintenance activity if the release is:

   a. Not otherwise reportable under this section;

   b. Not one described in Section 195.52(a)(4);

   c. Confined to company property or pipeline right-of way; and

   d. Cleaned up promptly.

3. Death of any person.

4. Personal injury necessitating hospitalization.

5. Estimated property damage, including cost of clean-up and recovery, value of lost product, and damage to the property of CHS or others, or both, exceeding $50,000.

DOT REPORTING PROCEDURES

In the event of any accident that is required to be reported under 49 CFR 195.50, the Manager, Pipelines and Terminals shall, as soon as practicable, but no later than thirty (30) calendar days after discovery of the accident, prepare and file (per 49 CFR 195.58) a Form 7000-1 Accident Report electronically via the PHMSA ODES program at the following website: http://pipelineonlinereporting.phmsa.dot.gov/.

1. If for any reason, the report cannot be filed online, a hard copy may be obtained from the PHMSA form library at

http://www.phmsa.dot.gov/pipeline/library/forms and submitted to the following:

DOT/PHMSA Office of Pipeline Safety
Information Resources Manager
1200 New Jersey Avenue, S.E.
East Building, 2nd Floor (PHP-10), Room E22-321
Washington, DC 20590

2. The Manager, Pipelines and Terminals shall file two copies of each report, one copy to be retained at the Laurel, Montana office.

3. Changes in or additions to a completed Accident Report shall be filed with the DOT as a supplement report within thirty (30) days of receipt of change/addition notice (per 49 CFR Part 195.54(b)).

TELEPHONIC NOTICE

1. Per 49 CFR 195.52, at the earliest practicable moment following discovery of a release of the hazardous liquid transported which results in an event described as a reportable accident, CHS shall give telephonic notice, in accordance with the following procedures (paragraph 2), of any failure that (per 49 CFR 195.50):

   a. Caused a death or a personal injury requiring hospitalization.

   b. Resulted in either a fire or explosion not intentionally set by CHS.

   c. Caused estimated property damage, including cost of clean-up and recovery, value of lost product, and damage to the property of CHS or others, or both, exceeding $50,000.

   d. Resulted in pollution of any stream, river, lake, reservoir, or other similar body of water that violated applicable water quality standards, caused a discoloration of the surface of the water or adjoining shoreline, or deposited a sludge or emulsion beneath the surface of the water or upon adjoining shorelines.

   e. In the judgment of CHS, was significant even though it did not meet the criteria of any other paragraph of this section.

Verification and Remediation Digs

1.0 Scope

The procedure describes the process of validating ILI inspection data and the schedule for remediation digs. This process should not be implemented until the data evaluation procedure as described in the ILI Data Interpretation and Validation has been completed.

2.0 Records

CHS shall retain a copy of the in-line inspection report and all documents associated with validation for the life of the facilities.

3.0 Definitions

ANOMALY – Any possible deviation from sound pipe material or welds generated by nondestructive examination, such as ILI, and which may or may not be a defect.

DEFECT – An anomaly which has been confirmed to exist, for which measurements have been recorded and which has the potential to reduce the pressure-carrying capacity integrity of the line pipe or welds.

DEFORMATION – A localized change in the internal diameter of the pipe such as a dent or ovality.

SEGMENT – A contiguous portion of a pipeline to be assessed using ILI.

4.0 Verification Procedures

4.1 ILI Data Verification by Verification Spool

1 A pipe spool with fabricated defects will be placed in the pipe segment during the ILI run. The Metal Loss defects in the spools will range from 10%-50% wall loss and the Deformation defects in the spool will range from 2%-5% change in outside diameter.

2 The reported anomalies in the verification spool will be compared to the data for the verification spool defects to verify that the ILI data is within the vender's stated tolerance.

6.0 Remediation Digs

6.1 Anomalies in Could Affect Areas

Will be excavated and repaired in accordance with CFR 49 §195.452 (h)(4)).

6.2 Anomalies in Non-Could Affect Areas

Will be excavated and repaired in accordance with CFR 49 §195.452 (h)(4)) with priority for scheduling being given to time dependent anomalies in Could-Affect Areas

The timeline for repairs in Non-Could Affect Areas may extend past the requirements set forth in CFR 49 §195.452 (h)(4)) with approval from the Manager, Pipelines and Terminals or designee.

2. Field Patrol Reporting

On the day of the field patrol right-of-way inspection (aerial, walking, or driving), the inspector shall make a telephone report of an immediate nature to the Cenex Pipeline, LLC. dispatch center. The dispatcher will document the information provided by the inspector on Form J-13, Pipeline Air Patrol Call-In Report and transmit the report to the Laurel Main Office for evaluation and follow-up per 3H below.

Within 48 hours after the completion of each field patrol right-of-way inspection, the inspector shall fax or email a written report detailing all reportable conditions and all test markers placed on the ROW by Cenex Pipeline. Items that must be included in the report are listed below.

3. Reportable Items

The following lists specify the items to report.

A. Immediate

Immediate reportable items must be phoned in as early as possible. Immediate report items on or near pipelines include:

1. Oil, petroleum product, or other evidence of spills or discharges from pipelines, main line block valves, interface detectors, and other related facilities.

2. Oil or product on surface of water.

3. Dead vegetation.

4. Clearing of land.

5. Building of terraces, water ponds, or slush pits.

6. Pipelines exposed during floods, earthquakes, mudslides, etc., where damage may be likely.

the right-of-way inspection report. Documentation should clearly reflect the condition found and the actions taken to manage it (if any).

CROSSINGS UNDER NAVIGABLE WATERS

A. REQUIREMENTS:

According to the Office of Pipeline Safety's National Pipeline Mapping System (NPMS) CHS's pipelines do not cross any navigable waterways and therefore are not subject to this requirement. The PHMSA uses the Bureau of Transportation Statistics database to determine what navigable waterways are. This information is available online at:

www.bts.gov/gis/ntatlas/networks.html or

www.npms.rspa.dot.gov.

PIPELINE VALVES

A. REQUIREMENTS:

1. The purpose for the inspection and maintenance of pipeline valves is to insure each valve necessary for the safe operation of the pipeline systems is maintained in good working order at all times (per 49 CFR 195.420(a)).

2. Each mainline valve (as defined by ASME B341.4) will be inspected and routine maintenance will be performed at least twice each calendar year. The interval between inspections shall not exceed seven and one-half (7-1/2) months (per 49 CFR 195.420(b)).

3. Each mainline valve and valve operator will be inspected to determine if additional maintenance or repair is needed. Pipeline Valve Inspection Form J-3 will be used to document inspections. Upon completion of the inspection, a summary document listing those items which need maintenance based on the inspection results will be developed and provided to the Manager,

Pipelines and Terminals for review. The Manager, Pipelines and Terminals will assign responsibility for completion of each maintenance item to the appropriate personnel. Except in special cases, assigned maintenance is to be completed prior to the next scheduled inspection. Any required maintenance which cannot be completed prior to that timeline, will be reviewed and approved by the Manager, Pipelines and Terminals. Upon completion of the assigned maintenance activities, a summary of the maintenance completed, including identity of the individual performing the maintenance, description of maintenance and the date of completion will be compiles and returned to the Manager of Pipelines and Terminals. This information will be filed with the original Pipeline Valve Inspection.

4. Each valve that is necessary for the safe operation of its pipeline system must be maintained in good working order at all times (per 49 CFR 195.420(a)). A list of all pipeline valves is contained on Form J-3.

5. Each Results of inspections will be recorded on the Mainline Block Valve Inspection Form J-3,Appendix B.

6. Each valves physical data will be recorded on Pipeline Valve Record J-4 (Appendix B).

7. Valves will be protected from unauthorized operation and vandalism by means of a locking mechanism, i.e. padlock, or by physical separation, i.e. locked chain link fence (per 49 CFR 195.420 (c)).

B. MAINTENANCE OF MAINLINE VALVES:

In general, the valve manufacturers recommended maintenance program will be used to determine when maintenance of mainline valves is required. In addition, the following valve maintenance will be performed:

1. All double block and bleed type valves (non-lube, plug, or gates) shall have sediment and water bled

Discrepancies and recommendations noted during the inspection will be reviewed by the Manager, Pipelines and Terminals, and if warranted, scheduled for maintenance or repair.

External ultrasonic thickness measurements of the tank shell will be used to determine the uniform rate of general corrosion while the tank is in active service. The extent of such measurements shall be determined by CHS, and will be used in accordance with API Standard 653, Section 4.

NOTE: Entry into a tank and onto a floating roof shall be in accordance with CHS Pipelines and Terminals Safety Manual, including the CHS Confined Space Entry Program. Proper PPE, including fall protection, will be used while accessing a tank, fixed roof, wind girder or other elevated tank areas.

D. OUT-OF-SERVICE INSPECTIONS

Out-of-service inspections will be conducted by an authorized inspector (per the current edition of API standard 653) at intervals determined by the corrosion rates measured during previous inspections or anticipated based on experience with similar tanks. Form J-6 may be used for this inspection. The following categories are to be inspected and conditions documented.

1. Overview
2. Exterior
3. Bottom Interior
4. Shell seams and plates
5. Shell-Mounted overflows
6. Roof interior surface
7. Fixed Roof Appurtenances
8. Floating Roof
9. Floating Roof Seal Assemblies
10. Floating Roof Appurtenances

11. Common Tank Appurtenances

12. Access Structures

Discrepancies and recommendations noted during the inspection will be reviewed by the Manager, Pipelines and Terminals, and if warranted, scheduled for maintenance or repair.

NOTE: Entry into a tank and onto a floating roof shall be in accordance with CHS Pipelines and Terminals Safety Manual, including the CHS Confined Space Entry Program. Proper PPE, including fall protection, will be used while accessing a tank, fixed roof, wind girder or other elevated tank areas.

At the completion of each API 653 Out-of-Service Inspection for Cenex Pipeline break-out atmospheric storage tanks, an evaluation of the applicability of an internal tank liner will be completed. This evaluation will include review of information including material stored in the tank, previous internal corrosion experience with this specific break-out tank, expected intervals between internal inspections, recommendations included in API 653 report for the specific break-out tank, and other information related to the operation/service of the break-out tank.

Documentation of the information considered and the resulting decision will be maintained with the API -653 Out-of-Service Inspection report for the specific break-out tank.

For those break-out tanks which an internal liner are installed, the specifications of the liner and the installation procedure will comply with API Recommended Practice 652 Third Edition, October 2005, as well as, Cenex Pipeline, LLC. specifications contained in the request for quotation and associated purchase order.

E. INSPECTION REPORTS

External and Internal inspection reports will also include metal thickness measurements, conditions found, repairs, settlement measurement, if any, and recommendations. Inspection reports that include recommendations will also include reasons for the recommendations, and sketches showing the location and extent.

Request for Quote
Installation of Internal Liner
in
API 650 Welded Steel Oil Storage Tank

CHS Inc.

Please accept this letter as request for quote and general specifications for the installation of an Epoxy Internal Liner in Tank xxx at the CHS Inc. Products Terminal located in Glendive, MT. All work associated with the installation of this liner will comply with API Recommended Practice 652, Third Edition, October 2005, as well as the specifications contained in this document.

Scope of Work

- Tank xxx is a cone roof tank complete with an internal floating roof. The tank diameter is xxx ft and the shell height is xxx ft.
- Abrasive blasting and painting will include the lower 24" up internal shell wall, columns, tank floor, and all tank internal appurtenances and nozzles with their respective piping.

Surface Preparation

- All oil and grease shall be removed from the surfaces by a minimum surface preparation of abrasive blasting the entire tank floor, 24" up internal shell, columns and floating roof legs, and internal appurtenances as per SSPC-SP-10, Near White Metal Blast Cleaning Standards. Abrasive blast all surfaces using a sharp, angular grit or synthetic abrasive with a minimum anchor profile of 3.0 mils. Any bare steel shall be primed the same day as it is cleaned and before flash rusting occurs.
- Remove or grind down all sharp burrs, edges, and weld spatter from all steel that is to be coated. All repairs shall follow API 653 recommendations. Abrasive blasting prior to the application of the lining materials shall restore the anchor profile.
- All surfaces are to be vacuumed, swept and blown down with clean, dry air to remove spent abrasive, dust and other foreign material that might interfere with the adhesion of the primer and lining.
- Corrosion pits in the blasted steel shall be filled flush with the surface utilizing either DuraPlate UHS Primer (refer to product data sheet – Performance Tips Section) or Steel-Seam FT910 patching and surfacing compound.
- Abrasive blasting is considered hot work and requires a hot work permit issuance from a CHS Inc. Representative as well as associated fire watches.

- Abrasive blasting of the internal surfaces of a tank is considered confined space. A CHS Inc. Representative will issue a confined space entry permit each working day. The confined space will require associated permitting, lock-out-tag-out and a hole watch will be necessary.

Coating Systems

- The tank interiors (24" up internal shell and columns, tank floor, and all tank internal appurtenances and nozzles with their respective piping) are to be painted with a two coat Epoxy system as specified below or equivalent with a CHS Inc. Representatives approval.
    - Epoxy Primer – DURA-PLATE UHS Epoxy Primer (Sherwin Williams Series) @ 4.0-8.0 mils dft
    - Epoxy – DURA-PLATE UHS (Sherwin Williams Series) @ 18.0-22.0 mils dft
- Paint application method is spray coating. Roller coating shall only be used for stripe coating or small repairs.
- All crevices, welds, and sharp angles shall be stripe coated.
- A hot work consideration for painting is at the sole discretion of a CHS Inc. Representative and may need issuance of a hot work permit and associated fire watches.
- Painting of the internal surfaces of a tank is considered confined space. A CHS Inc. Representative will issue a confined space entry permit each working day. The confined space will require associated permitting, lock-out-tag-out and a hole watch will be necessary.
- Minimum requirements of the internal lining system are that it be free of the following:
    - Uncured material
    - Inadequate thickness
    - Pinholes
    - Blisters
    - Delamination
    - Foreign Matter
    - Unspecified materials
- Internal lining system shall be protected from damage or detrimental elements during cure and until the time of final acceptance.
- A holiday test shall be performed, in accordance with NACE RP0188, once lining has cured per manufacturer's recommendation.

A CHS Inc. General Tank Painting Specification and a DURA-PLATE UHS Internal Tank Lining Specification have been attached to this request for quote. The Painting Contractor will be required to comply with these specifications in addition to those listed in this document and all Data Sheets & MSDS sheets for the above products.

When abrasive blasting and painting valves, valve handles, nameplates, and any other sensitive and delicate equipment, the Painting Contractor will properly protect and cover

the valve stem, valve threads, nameplates, and any other sensitive areas so they do not receive any paint or are not damaged in any way by the blasting or painting process.

Location

-

Date

-
- Contact for coordination of actual date painting can commence is Andy Reynolds, Pipeline Engineer, Laurel, MT.

CHS Inc. will provide

- Site specific safety training.
- Safe entry/work permits.
- Containers for spent blast media and disposal of material.

Painting Contractor will provide

- All equipment and personnel required to complete job scope, including power supply and bathroom and wash facilities.
- All fire watches and hole watches.
- All transportation of equipment and personnel to and from job site.
- All consumables required for the specified job scope.
- All necessary safety equipment and supplies.
- Continuous testing of atmospheric conditions whenever hot work is being performed.
- Collection of spent blast material and depositing it in supplied containers.
- Protection and containment of abrasive blasting and coating system fallout material from all CHS Inc. and Private Properties.
- Any heaters or heating equipment and de-humidifiers needed to provide suitable conditions for applying and curing of Epoxies.

Painting Contractor's written proposal must include the following

- A lump sum bid received no later than September 9th, 2011 for the above specified job scope.
- Estimated time to complete entire job scope. Including schedule and daily shift information.
- Any alternate paint systems or exceptions to the detailed job specifications or the general painting specifications.
- Estimated quantities for all materials to complete job scope.

- A signed and completed copy of the CHS Pre-Qualification Form which has been included in this package, unless the Painting Contractor already has a CHS General Work Contract in place.

Issuance of a purchase order to perform this work will require the completion of a signed CHS General Work Contract which has also been included in this package for review. This is not required if the Painting Contractor already has a CHS General Work Contract in place.

Please contact Andy Reynolds, Pipeline Engineer, at (406) 628-5362 if you need any additional information or would like to schedule a site visit.
Lee Schipman, Terminal Manager, may also be reached at (406) 377-2210 if you would like to schedule a site visit.

Regards,

Andy Reynolds
Pipeline Engineer

B. MONITORING

1. Each pipe or portions of pipe that is exposed to the atmosphere will be inspected at least once every 3 years, but at intervals not exceeding 39 months (See Form H-3, H-4, H-5, H-6, H-7, H-8 and H-9 Inspection of Atmospheric Corrosion).

2. Per 49 CFR 195.583 (b), during inspections particular attention will be given to pipe in the following locations:

   (a) Soil-to-air interfaces;

   (b) Under thermal insulation;

   (c) At pipe supports;

   (d) Splash zones;

   (e) Deck penetrations; and

   (f) Spans over water.

3. When completing the Atmospheric Corrosion Inspection, the following terms will be used to categorize the coating condition.

   - A condition rating of Excellent is indicated when the coating is in like new condition and has been recently applied.

   - A condition rating of Good is indicated by the absence of cracks, flaking, or chipping coating with no evidence of corrosion product present.

   - A condition rating of Fair is indicated when there is some deterioration of surface coating, including chalking, cracking, or fading with no evidence of corrosion product present.

   - A condition rating of Poor is indicated when any of the following are evident.

- o Indication of corrosion product present;
- o Exposed bare pipe;
- o Contact of bare pipe to soil;
- o Disbonded coating (pipe coating or UV tape); or
- o Indication of Biological growth at the surface of the pipe.

4. If corrosion is found during an inspection, it will be repaired and provided protection from corrosion (per 49 CFR 195.583 (c)). All repairs must be completed using approved Cenex Pipeline, LLC. methods.

CORRECTING CORRODED PIPE

A. GENERAL CORROSION

If pipe is found that is so generally corroded that the remaining wall thickness is less than that required for the maximum operating pressure of the pipeline, CHS will replace the pipe. However, it need not be replaced if (49 CFR 195.585 (a)):

(a) The maximum operating pressure is reduced commensurate with the strength of the pipe needed for serviceability based on actual remaining wall thickness; or

(b) The pipe is repaired by a method that reliable engineering tests and analysis show can permanently restore the serviceability of the pipe.

Refer to the CHS Integrity Management Program for additional detail.

B. LOCALIZED CORROSION PITTING

If a CHS employee finds pipe that has localized corrosion pitting to a degree that leakage might result, the pipe must be replaced or repaired, unless CHS reduces the maximum operating pressure commensurate with the strength of the actual remaining wall thickness in the pits (per 49 CFR 195.585 (b)). Refer to the CHS Integrity Management Program for additional detail.

EXPOSED PIPE

Whenever any buried pipe is exposed, the Operator shall examine the pipe for evidence of external corrosion or evidence of coating deterioration. If external corrosion requiring corrective action is found, investigate circumferentially and longitudinally beyond the exposed portion to determine whether additional corrosion requiring corrective action is present in the vicinity (49 CFR 195.569).

NOTE: If potholing is the method used to expose the pipe, the inspection (if at all possible) will be limited to visual inspection from above the grade to ensure employee safety.

CATHODIC PROTECTION CRITERIA

The criteria for determining the adequacy of cathodic protection is contained in paragraphs 6.2 and 6.3 of NACE Standard RP0169-2002 (49 CFR 195.571).

MONITORING EXTERNAL CORROSION CONTROL

A. PROTECTED PIPELINES

The following electrical tests have or will be performed as required on all protected pipeline systems.

(a) Pipe-to-soil potential

(b) Tank-to-soil potential

(c) Casing-to-soil potential

(d) Insulated flange potential

(e) Foreign structure critical bond

(f) Rectifier inspection

(g) AC drains

Any adverse condition(s) found during the survey will be documented on the survey report. Corrective action(s) will be selected and initiated prior to the next scheduled inspection. Follow-up electrical tests will be conducted to confirm that adequate protection levels have been re-established.

Abnormal Operating Condition Report Form

FORM L-2
Rev Date: Original 6/28/2005

BACKGROUND INFORMATION:

DATE AND TIME OF DISCOVERY: _____

DISCOVERED BY: _____

AFFECTED PIPELINE (Front Range Pipeline or Cenex Pipeline): _____

LINE SEGMENT(S) THAT WERE SHUTDOWN AS A RESULT OF INCIDENT (If Applicable): _____

AOC INCIDENT DESCRIPTION

TYPE OF INCIDENT RESULTING IN AOC (Severe Loss of Communication, Unintended Change in Pressure or Flow Resulting in a Pipeline Shutdown, Unintended Shutdown, Unintended Valve Closure, Operation of a Safety Device or Alarm Resulting in a Pipeline Shutdown, Seal Failure, or Other Abnormal Conditions that Result in a Pipeline Shutdown). _____

INCIDENT DESCRIPTION: _____

DESCRIPTION OF THE OPERATION DURING THE EVENT INCLUDING A DETAILED DESCRIPTION OF THE RESPONSE ACTIONS TAKEN. _____

OTHER FACTORS THE DISPATCHER CONSIDERED DURING THE EVALUATION OF THE INCIDENT, PRIOR TO DETERMINING IT TO BE AN AOC. _____

HAZARDOUS SUBSTANCES RELEASED (Yes or No): _____

TYPE OF PRODUCT AND APPROXIMATE SIZE OF SPILL: _____

IS WATER BODY NEARBY (LAKE, DITCH, RIVER, ETC.): _____

TYPE OF AREA (RESIDENTIAL, COUNTRY, HIGHWAY, ETC.): _____

SOURCE OF RELEASE IF KNOWN: _____

WEATHER CONDITIONS: _____

IS ANYBODY HURT ? _____

PROPERTY DAMAGE (WILDLIFE, VEGETATION, ETC,): _____

ON-SITE EMPLOYEE (NAME): _____

SIGNATURE OF DISPATCHER (INITIAL AOC SUBMISSION):

NAME: _____ DATE: _____

FOLLOW-UP ACTIONS RESULTING FROM AOC INVESTIGATION:

_____

FOLLOW-UP ACTION ITEMS COMPLETED ON (Date): _____

METHOD OF COMMUNICATING THE FOLLOW-UP ACTIONS TO AFFECTED EMPLOYEES: _____

DATE FOLLOW-UP COMMUNICATED TO AFFECTED EMPLOYEES: _____

SIGNATURE OF MANAGER, PIPELINES AND TERMINALS (FOLLOW-UP COMMUNICATION):

NAME: _____ DATE: _____

J. Contractors

CHS is responsible for insuring that contractor's employees and their subcontractor's employees are qualified according to this OQ Program if they will be performing covered tasks on CHS's pipeline facilities or CHS must provide a qualified individual to direct and observe the work. The covered tasks that have been determined to be too complex and/or of an extremely critical nature (See Appendix A for individual evaluations) must be completed in-house by CHS qualified individuals and not completed by contractors that are being directed and observed.

Contractors and non-CHS employees must be qualified if they are to perform any of the covered tasks listed in Appendix A on a CHS pipeline facility. Qualification of these employees may be accomplished by:

- Evaluation of the contractor employees using CHS evaluation methods;
- Contractor provided evidence that personnel have completed the evaluations for the applicable covered tasks listed in Appendix A. Prior to accepting this, CHS must review and adopt the evaluation methods used by the contractor; or
- On a case-by-case basis, CHS may review and adopt certain 3rd party qualification programs as acceptable evaluation methods to meet the requirements for the training, evaluation (Quiz), and checklist portions of the CHS qualification process. Contractor personnel with proof of current qualifications from an approved 3rd party program will be required to successfully complete the CHS AOC specific evaluation in order to be determined by CHS to be fully qualified to perform the covered task(s).

The DOT Compliance Coordinator or the Manager, Pipelines and Terminals is to be notified immediately, if any CHS employee has reason to believe that a contractor employee is not qualified to perform a covered task or is not performing a covered task properly.

K. Exemption for Nonqualified Personnel

A nonqualified individual may perform a covered tasks if, and only if, that individual is directed and observed by another individual that is qualified in accordance with this OQ Program to perform that covered task. The qualified individual may direct and observe more than one nonqualified individual (up to a maximum of 5 for all covered tasks) as long as the number of nonqualified individuals being directed does not exceed the qualified individuals abilities and is within the span of control limits identified in Appendix A.

L. Record Keeping

CHS utilizes the OPSS CBT Program to maintain an up-to-date list of the qualifications of employees on an individual basis. The list includes the following documentation:

- Identification of qualified individual(s);
- Identification of the covered task(s) the individual is qualified to perform;
- Date(s) of current qualification;
- Exam scores; and
- Qualification Methods.

The OPS CBT Program maintains qualification records for employees with records updates occurring as follows:

- Examination records showing an employee's attempts and grades are maintained by OPSS as users complete exams. Each exam "start" counts as one attempt. Employees have up to three attempts to obtain a passing score (80%).
- Records of on-job performance assessments (checklists) and written AOC exercises are updated by the OPSS Program administrators, who change the status from "incomplete" to "complete" based on employee performance during a supervised evaluation by a qualified individual.
- All records are maintained in the OPSS System for a period of at least 5 years.

A username and password are required to access OPSS. Employees performing Covered Tasks have individual account log-ins and can view their own qualification records only. Employees using OPSS with a "trainee" log-in cannot alter existing qualification records.

Administrators have access to qualification records of all employees. Administrators will provide supervisors employee records for those individuals that work in their respective work groups in order to manage and confirm current qualifications for employees performing Covered Tasks.

OPSS databases are backed up nightly by the supplier, using multiple redundant drives. Weekly backups are done via tape and are stored offsite. Security of user accounts and records is maintained and controlled by the use of unique usernames and passwords. All users are trained in system use and are instructed not to share their login information with unauthorized individuals. Personnel who wish to change their passwords are allowed to make the change at any time.

The DOT Compliance Coordinator shall maintain records of all actions performed as a requirement of the OQ program:

- Change Log for this OQ Program;
- Annual review of this OQ Program, Appendix H;
- Process of identification of covered tasks;
- Evaluations Records (OPSS);
- Reasonable Cause and Accidents Investigation Reports;
- Management of Change determinations; and
- Records supporting an individual's current qualifications shall be maintained in the individuals Operator Qualification file while the individual is performing the covered task. Records of prior qualification and records of individuals no longer performing covered tasks shall be retained for a period of five years.

M. Program Review

CHS will perform an annual review of the program that will include review of all of the program elements. The annual review may be documented in the change log in the front of the program (if the review results in a change) and on the attached annual review form

(See Appendix G).

Significant modifications of this program must be submitted to the PHMSA Information Resource Manager via e-mail at InformationResourcesManager@phmsa.dot.gov or by mail at the following address:

Pipeline and Hazardous Materials Safety Administration
Attn: Information Resources Manager
1200 New Jersey Avenue, SE.
East Building, 2nd Floor (PHP-10), Room E22-321
Washington, DC 20590.