Cenex Pipeline, LLC • Post Office Box 909 • Laurel, Montana • 59044-0909 • Phone (406) 628-5200

September 24, 2015
Mr. Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration
12300 W. Dakota Avenue, Suite 110
Lakewood, Colorado 80228

RE: Notice of Proposed Safety Order (CPF 5-2015-5020S)

Dear Mr. Hoidal,

In response to the Pipeline and Hazardous Materials Safety Administration's (PHMSA) Notice of Proposed Safety Order (NOPSO) issued to Cenex Pipeline, LLC (CPL) on Sept. 15, 2015, CPL plans to request an informal consultation and will be prepared to address the Agency's concerns and corrective measures during that process. In addition, CPL respectfully requests that PHMSA remove the 20% pressure restriction noted in the NOPSO in light of the enclosed report detailing actions taken to date to mitigate the Safety Related condition submitted to PHMSA on January 23, 2015 and the engagement of a NACE-certified cathodic protection specialist. To further demonstrate CPL's commitment to pipeline integrity, CPL intends to replace the first thirteen miles downstream of Glendive Station within the next year and plans to replace the entire segment between Glendive and Minot in the next three to five years.

Per the attached report, CPL added a 29% tolerance to the 2013 MFL ILI data and performed repairs on all metal loss features that met CPL's repair criteria. CPL also added a 10% tolerance to the 2015 UT ILI data and repaired all metal loss features greater than 40% in depth. In addition, CPL has investigated 37 and repaired 36 laminations discovered from data provided by the UT tool vendor and determined to be unacceptable by a third party engineering firm retained by CPL to review the lamination data. Based on the above actions, CPL believes that it can safely operate the Glendive to Minot segment at a Maximum Operating Pressure (MOP) of 1200 psi.

Also, CPL has retained the services of a NACE Cathodic Protection Specialist to analyze the cathodic protection on the Glendive to Minot pipeline segment and to make recommendations to address any issues that may be discovered. While the entire segment from Glendive to Minot will be reviewed, the NACE CP Specialist is focusing on the Glendive to Sidney area first.

CPL shares PHMSA's commitment to public safety and pipeline system integrity. To that end, CPL will be requesting an informal consultation with PHMSA to cooperatively address the remaining items contained in the referenced NOPSO, without waiving its right to request an administrative hearing.

Should you have any questions regarding this submittal, please feel free to contact me.

Sincerely,

Richard S. Petersen,
VP CHS Pipelines and Terminals
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Cenex Pipeline, LLC
Glendive to Minot ILI Survey and Response to Safety Related Condition Report Summary
September 23, 2015

I. BACKGROUND

On December 10, 2013, Onstream Pipeline Inspection LTD. completed a Magnetic Flux Leakage (MFL) and Deformation In-Line Inspection (ILI) of the Glendive to Minot segment of Cenex Pipeline, LLC (CPL). CPL received the final report for the MFL/Deformation Combination ILI run on May 2, 2014. In the summer of 2014, CPL investigated and repaired 11 anomalies; 6 metal loss, 2 mill defects, and 4 deformations. Subsequently, CPL performed further comparison of the ILI data against the 2014 pipeline repair reports and found four external metal loss features that did not meet the vendor's stated tool tolerance, the most significant of which was under-called by 29%. After a thorough review and investigation, on January 23, 2015, CPL implemented a precautionary 20% pressure reduction and submitted a Safety Related Condition Report (SRC #20150009).

The CPL metal loss repair criteria as referenced in the summary below include the following:

CPL Immediate Repair Criteria:

- Metal loss greater than 80% of the nominal wall regardless of dimensions.
- An anomaly where the calculation of the remaining strength of the pipe shows a predicted burst pressure less than the established maximum operating pressure at the location of the anomaly, as calculated using ANSI B31G.
- Any other significant anomaly that in the judgment of the Manager, Pipeline Operations requires immediate action.

CPL 180 Day Repair Criteria:

- An anomaly where the calculation of the remaining strength of the pipe shows an operating pressure that is less than the current established maximum operating pressure at the location of the anomaly, as calculated using ANSI B31G.
- An area of general corrosion with a predicted metal loss greater than 50% of the nominal wall.
- Predicted metal loss greater than 50% of nominal wall thickness that is located at the crossing of another pipeline or is in an area with widespread circumferential corrosion or is in an area that could affect a girth weld.

II. SUMMARY OF SUBSEQUENT ILI RUNS AND PIPELINE REPAIRS

In order to mitigate the Safety Related Condition, CPL executed the following corrective measures on the Glendive to Minot segment:

- Applied a 29% tolerance to all 2013 MFL metal loss callouts and re-analyzed the data to determine if any anomalies met CPL repair criteria.
- Repaired all metal loss features that met CPL repair criteria with the addition of the 29% tolerance. This resulted in an additional 40 metal loss inspections and/or repairs that were completed, from January 2015 through August 2015. All of the metal loss feature field measurements were found to be within the newly established 29% tolerance.
- CPL commissioned an Ultrasonic Tool (UT) ILI run to verify MFL results. The UT ILI was completed from February through April of 2015. The final report for the UT assessments on the Glendive to Minot segment was received on June 30, 2015.
- The UT ILI report identified previously unreported mid wall laminations.
- CPL Commissioned Wood Group Kenny, an engineering and operations integrity assessment company, to review the UT ILI lamination callouts and recommend repairs as necessary, based on a maximum operating pressure of 1200 PSI. The Wood Group Kenny Report identified 37 laminations for evaluation and/or repair.
- CPL performed field assessments of each of the 37 laminations recommended for further evaluation by Wood Group Kenny. CPL repaired 36 of the 37 laminations assessed from August to September 2015. The one called lamination that was not repaired was determined to be an external corrosion feature that did not meet CPL's repair criteria.
- In September 2015, CPL compared the metal loss data from the UT run against known features field measurements and found the UT data was within the vendor's established tool tolerance. In accordance with the CPL Integrity Management Plan procedures, CPL applied a 10% tolerance to the UT ILI metal loss data and re-evaluated the data to determine if any metal loss anomalies met CPL repair criteria. As a result of adding the 10% tolerance to the UT data, CPL made two additional metal loss repairs. CPL has repaired all of the UT ILI metal loss features that exceed 40%.

III. WORST CASE DEFECTS REMAINING

Based on the most current ILI data, the worst case depth of any metal loss feature remaining in the CPL Glendive to Minot segment is a 38% external metal loss feature as reported by the UT ILI tool.

CPL has repaired all defects within the Glendive to Minot segment meeting CPL repair criteria using a 29% tolerance for the MFL ILI metal loss features and a 10% tolerance for the UT ILI metal loss features.

IV. CP CORRECTIVE ACTIONS TAKEN

To date, CPL has implemented the following corrective actions in response to the cathodic protection deficiencies on the Glendive to Minot segment:

- Isolated the Glendive Terminal piping and tankage from the Glendive to Minot mainline segment, which resulted in the improvement of pipe to soil readings on the mainline.
- Under the direction of Rob Lunder, PE NACE Cathodic Protection Specialist, WBI Energy Corrosion Services (WBI), WBI field crews have gathered current requirement information on the first 13 miles of this segment. This study indicates that two additional rectifiers will be needed in the first thirteen miles of this segment. Based on the results of this initial current requirement study and pending the availability of power, CPL plans to target rectifier installations between mile marker 4 and 5 and mile marker 13.
- Commissioned WBI to perform a native close interval survey, starting at Glendive and progressing north toward Sidney, which is currently underway.