



U.S. Department
of Transportation

**Research and
Special Programs
Administration**

400 Seventh St. S.W.
Washington D.C. 20590

MAR - 4 2005

Mr. Keith D. Osborn
Executive Vice President and Refinery General Manager
Coffeyville Resources Crude Transportation, LLC
North and Linden Streets
Coffeyville, KS 67337

Re: CPF No. 3-2003-5015

Dear Mr. Osborn:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It makes findings of violation and specifies actions to be taken to comply with the pipeline safety regulations. When the terms of the Compliance Order are completed, as determined by the Director, Central Region, this enforcement action will be closed. Your receipt of this Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

James Reynolds
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosure

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

DEPARTMENT OF TRANSPORTATION
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, DC 20590

In the Matter of)
Coffeyville Resources)
Crude Transportation, LLC,)
Respondent.)

CPF No. 3-2003-5015

FINAL ORDER

On March 3-6, 2003, pursuant to 49 U.S.C. § 60117, representatives of the Office of Pipeline Safety (OPS) conducted an on-site pipeline safety inspection in Bartlesville, Oklahoma of the operations and maintenance procedures for certain hazardous liquid pipeline facilities located in the areas of Coffeyville and Wichita, Kansas then operated by Farmland Industries. As a result of the inspection, the Director, Central Region, OPS, by letter dated May 27, 2003, issued to Farmland Industries a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Farmland Industries had committed violations of 49 C.F.R. Part 195 by failing to adequately establish and follow written procedures for operations, maintenance, and emergencies. The Notice also proposed that Farmland Industries take certain measures to correct the alleged violations.

By letter dated June 27, 2003, Farmland Industries initially responded to the Notice. In its response, Farmland acknowledged inadequacies in the written procedures and proposed a time schedule for revising its procedural manual to address the inadequacies. On November 19, 2003, OPS received the revised procedural manual and reviewed it to determine whether all of the inadequacies cited in the Notice were addressed. By letter dated February 3, 2004, the Director, Central Region, OPS, informed Farmland's Vice President of Petroleum Operations that after reviewing the revised manual, the Director had determined that the revisions did not address all of the inadequacies cited in the Notice, and that some of these revisions had introduced additional inadequacies. On March 3, 2004, Coffeyville Resources Crude Transportation, LLC succeeded Farmland Industries as the operator of the subject pipeline facilities (as used in this order, "Respondent" refers to Farmland Industries and/or Coffeyville Resources Crude Transportation, LLC). By letter dated October 28, 2004, Respondent submitted further responsive materials including a binder containing a further revised operations and maintenance manual. Respondent also provided a time schedule for conducting the employee training associated with implementing the revised manual. Respondent did not request a hearing, and therefore has waived its right to one.

FINDINGS OF VIOLATION

In its responses, Respondent did not contest the alleged violations in the Notice. Accordingly, I find that Respondent violated the following sections of 49 C.F.R. Part 195, as more fully described in the Notice:

49 C.F.R. § 195.402(a) – failing to adequately prepare and follow a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies in accordance with the applicable requirements;

49 C.F.R. § 195.402(c) – failing to include procedures for conducting pipeline maintenance and repairs in accordance with the applicable requirements.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

The Notice proposed a Compliance Order with respect to the above referenced violations of §§ 195.402(a) and 195.402(c). Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under Chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations. Within 30 days following receipt of this order, Respondent must:

1. Amend the written procedures to include:

(A) Procedures for mapping pipeline facilities located in areas where emergency response could be required in the event of a release or other safety-related incident, and procedures for minimizing the likelihood of accidental ignition of vapors in these facilities, in accordance with § 195.402(c)(4) and (c)(11);

(B) Procedures for analyzing failures to determine their causes and to identify measures to prevent reoccurrences in accordance with § 195.402(c)(5) and (c)(6);

(C) Procedures for establishing and maintaining liaison with fire, police, and other public officials in accordance with § 195.402(c)(12);

(D) Procedures for the abandonment of pipeline facilities in accordance with § 195.402(c)(10);

(E) Procedures for addressing the hazardous accumulation of vapors in a trench in accordance with § 195.402(c)(14);

2. Amend the written procedures to include procedures for the review of personnel performance in the emergency response training program, procedures for identifying and implementing changes to the emergency response training program to ensure its effectiveness, and procedures for ensuring that supervisors maintain a thorough knowledge of the emergency response procedures for which they are responsible, in accordance with § 195.403(b) and (c);
3. Amend the written procedures to include procedures for repairing pipelines in accordance with § 195.422;
4. Amend the written procedures to include procedures for moving or lowering lines in accordance with § 195.424(a);
5. Amend the written procedures to include procedures for safely opening the launchers and receivers in accordance with § 195.426;
6. Amend the written procedures to include procedures for the placement of signs near pump stations and breakout tanks including guidance on the content of the signs in accordance with § 195.434;
7. Amend the written procedures to include procedures for providing security and preventing unauthorized entry of pump station and breakout tank areas in accordance with § 195.436;
8. Amend the written procedures for the damage prevention program to include procedures for notifying potential excavators of the existence of pipeline facilities and procedures for responding to notifications of intended excavation activity including determining whether and how to conduct temporary marking, and procedures for insuring the integrity of the pipeline when the excavation involves blasting including leak testing after the blasting is conducted, in accordance with § 195.442(c);
9. Amend the written procedures to include procedures for ensuring that supervisors maintain a thorough knowledge of corrosion control measures in accordance with § 195.555;
10. Amend the written procedures to include procedures for ensuring that all new, relocated, or replaced pipe must be externally coated upon installation in accordance with § 195.557;
11. Amend the written procedures to include procedures for specifying the allowable types of external coatings in accordance with § 195.559;
12. Amend the written procedures to include procedures for specifying how frequently inspections of coatings must be done and how any identified coating damage is to be remediated in accordance with § 195.561;


13. Amend the written procedures to include procedures for ensuring that cathodic protection is installed on new pipeline within one year, procedures for cathodically protecting any unprotected pump station and breakout tank area piping, and procedures for ensuring that all buried pipe is cathodically protected, in accordance with § 195.563;
14. Amend the written procedures to include procedures for installing and maintaining cathodic protection test leads in accordance with § 195.567;
15. Amend the written procedures to include procedures for identifying the criteria to be utilized for determining the adequacy of cathodic protection in accordance with § 195.571;
16. Amend the written procedures to include procedures for determining which areas may require a close-interval electrical survey, and procedures for ensuring that non-critical bonds are inspected annually and any deficiencies identified are promptly corrected in accordance with § 195.573(a),(c), and (e);
17. Amend the written procedures to include procedures for electrical isolations and required inspections in accordance with § 195.575;
18. Amend the written procedures to include procedures for ensuring that interference currents are identified and alleviated in accordance with § 195.577;
19. Amend the written procedures to include procedures for determining the corrosiveness of transported products such as sour crude, and procedures for mitigating internal corrosion in accordance with § 195.579(a) and (b);
20. Amend the written procedures to include procedures for protecting exposed portions of the pipeline system from atmospheric corrosion in accordance with § 195.581;
21. Amend the written procedures to include procedures for monitoring atmospheric corrosion control in accordance with § 195.583;
- Amend the written procedures to include procedures for correcting corroded pipe in accordance with § 195.585;
- Amend the written procedures to include the method for determining remaining wall strength of corroded pipe in accordance with § 195.587;
24. Amend the written procedures to include up-to-date procedures for maintaining corrosion control records in accordance with § 195.589;
25. Amend the written procedures to include procedures for ensuring that any new line pipe, valve, fitting, or other component is designed to accommodate the passage of an internal inspection tool in accordance with § 195.120(a);

26. Amend the written procedures to include procedures for ensuring that all welding will be performed by a qualified welder in accordance with qualified welding procedures, and that records of all procedures and qualifying tests will be retained, in accordance with §195.214(a) and (b);
27. Amend the written procedures to include procedures for ensuring that all welders are qualified under API 1104 or Section IX of the ASME Boiler and Pressure Vessel Code in accordance with § 195.222;
28. Amend the written procedures to include procedures for ensuring the complete removal of arc burns, and for ensuring that a ground is never welded to a pipe or fitting that is being welded, in accordance with § 195.226(b) and (c);
29. Amend the written procedures to include procedures for inspections of welds in accordance with § 195.228;
30. Amend the written procedures to include procedures for the removal or repair of weld defects in accordance with § 195.230;
31. Amend the written procedures to include procedures for nondestructive testing in accordance with § 195.234(b);
32. Amend the written procedures to include procedures for ensuring that the hydrostatic testing requirements for new or relocated pipeline facilities are met in accordance with § 195.302(a);
33. Amend the written procedures to include procedures for ensuring that the hydrostatic testing requirements for all fittings are met in accordance with § 195.305;
34. Amend the written procedures to include procedures for determining the test medium to be used during pressure testing in accordance with § 195.306;
35. Amend the written procedures to include procedures for ensuring that all pipe associated with tie-ins is pressure tested in accordance with § 195.308;
36. Within 30 days following receipt of this order, submit a copy of the amended procedures to the Director, Central Region, OPS, 901 Locust Street, Suite 462, Kansas City, MO 64106-2641.
37. Within 270 days following receipt of this order, complete all necessary personnel training on the revised operations and maintenance procedures. Retain records of the training including the names of the people trained and the dates the training occurred.

The Regional Director may extend the period for complying with any of the required items if the Respondent requests an extension and adequately justifies the reasons for the extension.

Failure to comply with this Final Order may result in the assessment of civil penalties of up to \$100,000 per violation per day, or in the referral of the case for judicial enforcement.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a petition for reconsideration of this Final Order. Should Respondent elect to do so, the petition must be received within 20 days of Respondent's receipt of this Final Order and must contain a brief statement of the issue(s). The terms of the order, including any required corrective action, remain in full effect unless the Associate Administrator, upon written request, grants a stay. The terms and conditions of this Final Order are effective on receipt.

for 

Stacey Gerard
Associate Administrator
for Pipeline Safety

MAR - 4 2005

Date Issued