

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 18, 2016

Mr. Richard S. Petersen
President
Cenex Pipeline, LLC
PO Box 909
Laurel, MT 59044

CPF 5-2016-5007W

Dear Mr. Petersen:

Between December 2014 and November 2015, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected the Cenex Products Pipeline (Cenex) between Laurel, Montana and Fargo, North Dakota.

As a result of the inspection, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation is as follows:

- 1. 195.583 What must I do to monitor atmospheric corrosion control?
(b) During inspections you must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.**

During the field inspection, Cenex's Block Valve 17.1 near the Souris River in North Dakota was surrounded by water. This flooded condition was said to be common, and Cenex has been unable to adequately inspect and coat the exposed pipe at this location. In addition, there are two (2) fixed supports without a pipe insulator at block valve 250 near Fargo where the

pipe appears to be corroding at the interface of the support and pipe. These areas must be given attention to address ongoing atmospheric corrosion.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item(s) identified in this letter. Failure to do so will result in Cenex Pipeline LLC being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2016-5007W** and for each document you submit, please provide a copy in electronic format to PHP-WRADMIN@dot.gov whenever possible. 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).

Sincerely,

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 M. Petronis (#145448)