

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 15, 2015

Mr. John Traeger
President
Front Range Pipeline, LLC
P.O. Box 909
Laurel, MT 59044-0909

CPF 5-2015-5001W

Dear Mr. Traeger:

During the week of June 9, 2014, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 CFR United States Code, inspected the Front Range Pipeline facilities from the US/Canada border to the Santa Rita Pump Station located near Cut Bank, Montana and related operation and maintenance records at the Front Range Pipeline office in Laurel, Montana.

As a result of the inspections, it appears that Front Range Pipeline, LLC has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

1. §195.428(a) Overpressure safety devices and overfill protection systems

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7 ½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in

good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used

At the time of the inspection, Front Range Pipeline did not have an overpressure protection safety device installed on the pipelines coming in to the Santa Rita Station from Canada. Front Range indicated that they rely upon the operator of the pipelines in Canada to provide and test overpressure safety devices on the pipelines located in Canada to prevent the portion of the pipelines that Front Range owns and operates in the US from exceeding the allowable maximum operating pressure (MOP) of the pipe. This is not an acceptable methodology to ensure the MOP of the pipelines is not exceeded. As of November 2014, Front Range indicated that it ordered overpressure safety devices for the pipelines and planned to install them at the Santa Rita Station by the end of 2014.

Front Range must ensure that each of the pipelines crossing the border from Canada that it owns and operates has overpressure safety devices installed in the United States to prevent the MOP of the pipelines from being exceeded and that each of these devices are inspected and tested in accordance with the requirements of 195.428.

2. §195.573 What must I do to monitor external corrosion control?

(a) Protected pipelines. You must do the following to determine whether cathodic protection required by this subpart complies with §195.571:

(1) Conduct tests on the protected pipeline at least once each calendar year, but with intervals not exceeding 15 months. However, if tests at those intervals are impractical for separately protected short sections of bare or ineffectively coated pipelines, testing may be done at least once every 3 calendar years, but with intervals not exceeding 39 months.

A Close Interval Survey (CIS) was completed on the Front Range pipelines in May 2011. The CIS data indicates that some areas exist (1.21% on the 16" line and 4.49% on the 6" line) that do not meet the -850mV off cathodic protection criteria. Front Range personnel indicated that it has assigned a team to develop a CIS Response Plan which is scheduled to be completed by the end of 2014.

Front Range must ensure that the entire length of each pipeline that comprises the Front Range Pipeline System meets the required minimum cathodic protection levels.

3. §195.573 What must I do to monitor external corrosion control?

(e) Corrective action. You must correct any identified deficiency in corrosion control as required by §195.401(b). However, if the deficiency involves a pipeline in an integrity management program under §195.452, you must correct the deficiency as required by §195.452(h).

A Close Interval Survey (CIS) was completed on the Front Range pipelines in May 2011. The CIS data indicates that some areas exist (1.21% on the 16" line and 4.49% on the 6" line) that do not meet the -850mV off cathodic protection criteria. Front Range personnel indicated that it has assigned a team to develop a CIS Response Plan which is scheduled to be completed by the end of 2014.

Front Range must ensure that the entire length of each pipeline that comprises the Front Range Pipeline System meets the required minimum cathodic protection levels. Furthermore, whenever Front Range discovers any condition that could adversely affect the safe operation of its pipeline system, it must correct the condition within a reasonable time.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violation. 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 items identified in this letter. Failure to do so will result in Front Range 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 5-2015-5001W**. 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 (#145449)