

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 10, 2007

Mr. Myron Hoover
Jayhawk Pipeline LLC
2000 South Main
McPherson, Kansas 67460

CPF 3-2007-5028W

Dear Mr. Hoover:

On April 4-8, April 11-15, April 25-29, and May 9-13, 2005, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your pipeline facilities in Kansas, Oklahoma, Nebraska, and Texas.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation(s) are:

1. **§195.402(a) Procedural manual for operations, maintenance, and emergencies. General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies.**

§402(c)(10) Abandonment of Facilities. Jayhawk did not follow its O&M Procedure Section 205, "Abandonment of Pipeline Facilities." You did not document that the following pipeline segments were abandoned by safely disconnecting from the operating pipeline system, purging of combustibles, and sealing, if left in place, to minimize safety and environmental hazards.

- a. Susank, KS to Buhler Junction, KS 8"
- b. Inman Junction, KS to McPherson, KS 6"
- c. Chase, KS to Hollow Junction, KS 8" (except for 15 miles of p/l from Walsten Junction to Buhler Junction)

- d. Hollow Junction, KS to Valley Center, KS 6"
- e. Valley Center, KS to Augusta, KS 8" & 10"
- f. Valley Center, KS to Ponca City, OK 8"
- g. Walsten Junction, KS to Valley Center, KS 10"

2. §195.402(a) Procedural manual for operations, maintenance, and emergencies.

General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies.

§195.402 (d) Abnormal operation. Jayhawk did not follow its O&M procedure Section 300, "Abnormal Operating Conditions". Jayhawk did not have a record indicating their response, investigation, and correction of the cause of the abnormal operation condition that occurred at Taloga Pump Station on 11/25/02. During a review of the 2002 overpressure protection inspection records for the Taloga Pump Station, a recalibration record was found that stated "recalibration after Operator's reports of failure of unit shutdown." There was no documentation of an investigation following the malfunction of the overpressure device.

3. §195.402(a) Procedural manual for operations, maintenance, and emergencies.

General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies.

§195.402 (e) Emergencies. Jayhawk did not follow its O&M procedure Section 400, "Emergency Operations." Jayhawk did not conduct a post accident review of their employees' activities to determine the effectiveness of their procedures after the fire on February 11, 2004, at Holdrege, NE Pump Station.

4. §195.404 Maps and Records.

(b) Each operator shall maintain for at least 3 years daily operating records that indicate-

(1) The discharge pressure at each pump station; and

Jayhawk did not provide a means to capture the daily discharge pressure at the following pump stations:

- 1 - Wilburton Injection Pump
- 2 - Hudson Injection
- 3 - Frees Injection
- 4 - McPherson Injection
- 5 - Schurr (10" to Chase) Pump

As a result of this inspection, Chart Recorders were installed at all locations by the end of July 2005.

5. §195.428 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 7½ 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.**
- (d) After October 2, 2000, the requirements of paragraphs (a) and (b) of this section for inspection and testing of pressure control equipment apply to the inspection and testing of overfill protection systems.**

Jayhawk has not been inspecting and testing their breakout tanks' overfill protection alarm system at intervals not to exceed 15 months, but at least once each calendar year for the following locations:

Chase, KS	12 Breakout Tanks
Liberal, KS	11 Breakout Tanks
Wichita, KS	9 Breakout Tanks

As a result of this inspection, Jayhawk started inspecting overfill protection systems on June 2005

6. §195.579 What must I do to mitigate internal corrosion?

- (b) Inhibitors. If you use corrosion inhibitors to mitigate internal corrosion, you must--**
 - (3) Examine the coupons or other monitoring equipment at least twice each calendar year, but with intervals not exceeding 7 1/2 months.**

Jayhawk did not examine the coupon at the Interstate Station to monitor for internal corrosion at least twice each calendar year, or with intervals not exceeding 7 ½ months. Jayhawk's maintenance crew removed the coupon holder at Interstate Station during maintenance and failed to replace the coupon holder. Jayhawk's last coupon inspection at Interstate was on 04/08/2003. Jayhawk missed the second required inspection in 2003, both required inspection in 2004, and the first required inspection in 2005. A total of 4 inspections were missed. As a result of this inspection, the coupon holder was replaced.

7. §195.583 What must I do to monitor atmospheric corrosion control?

- (a) You must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:**

If the pipeline is located:	Then the frequency of inspection is:
Onshore	At least once every 3 calendar years, but with intervals not exceeding 39 months

Jayhawk did not inspect each pipeline or portion of pipeline that was exposed to the atmosphere. Inspections were not performed on 1 span in the Chase area and 31 pump stations for evidence of atmospheric corrosion. See attached spreadsheet labeled “Atmospheric Corrosion Inspection Requirements Not Met.”

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 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 Jayhawk 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 3-2007-5028W**. 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).

In addition, our representative noted that Jayhawk did not follow their procedure which requires a drill that exercises the entire response plan for each response zone, be conducted at least once every 3 years. The last OPA 90 drill where Jayhawk’s Oil Spill Removal Organization (OSRO) was used and booms were deployed was in 1998 on the Little Arkansas River. After PHMSA’s inspection, Jayhawk completed a spill drill with their OSRO and full deployment of booms on July 27, 2005. We hope you will consider this area of concern as an opportunity to improve your existing pipeline safety program.

Sincerely,

Ivan A. Huntoon
 Director, Central Region
 Pipeline and Hazardous Materials Safety Administration