

NOTICE OF AMENDMENT

CERTIFIED - RETURN RECEIPT REQUESTED

December 18, 1997

Mr. David Kilian, Vice President
Koch Hydrocarbon Company
P.O. Box 29
Medford, Oklahoma 73759

Dear Mr. Kilian:

CPF No. 47512M

On October 6-10, 1997, a representative of the Southwest, Central, and Western Regions, Office of Pipeline Safety, pursuant to Chapter 601 of 49 United States Code, conducted an onsite pipeline safety inspection of Koch Hydrocarbon Company's manual containing the procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies at your office in Medford, Oklahoma, and at the Katapult Control Center in Wichita, Kansas.

Mr. Jerry Rogers, Manager, Regulations, Health and Safety, and Mr. Bob Aebi, Regulations Coordinator, informed the inspection team that plans are underway to try to write a comprehensive manual combining the procedures for all Koch Industries, Incorporated pipelines and all Koch Hydrocarbon Company pipelines into one manual. Until that manual has been written you must amend the existing manuals as instructed in the attached Notice of Amendment but please remain aware of the discussions below when the new comprehensive manual is prepared and apply the instructions to the new copy.

As a result of a review of the manual, the requirements for which are set forth in the regulations cited, the following inadequate procedures were noted:

1. **§195.54(b) Accident reports. (b) Whenever an operator receives any changes in the information reported or additions to the original report on DOT Form 7000-1, it shall file a supplemental report within 30 days.**

Your procedures manual is inadequate in that paragraph 7.3.1 uses should in directing personnel to submit a supplemental report.

The rules of regulatory construction state that “shall is used in the mandatory or imperative sense.” Additionally, Webster’s II New Riverside University Dictionary (1984) has the following definitions:

Should - 3. Used to express conditionality or contingency. 4. Used to moderate the directness or bluntness of a statement.

Shall - 2c. command. 2d. Directive or requirement. 3b. To have to: *must*.

2. **§195.266(c) Arc burns. A ground may not be welded to the pipe or fitting that is being welded.**

Your welding procedures manual is inadequate in that has no procedure for attaching the ground wire to the pipe or fitting that is being welded.

3. **§195.402(c) Maintenance and normal operations. The manual must include procedures for the following to provide safety during maintenance and normal operations:**
- (5) Analyzing pipeline accidents to determine their causes.**
 - (6) Minimizing the potential for hazards identified under paragraph (c)(4) of this section and the possibility of recurrence of accidents analyzed under paragraph (c)(5) of this section.**
 - (7) Starting up and shutting down any part of the pipeline system in a manner designed to assure operation within the limits prescribed by paragraph §195.406, consider the hazardous liquid or carbon dioxide in transportation, variations in altitude along the pipeline, and pressure monitoring and control devices.**

Your procedures manual is inadequate in that:

(5) paragraph 4.21 does not refer to user of the manual to your “Accident Review Form.

(6) it does not include details for minimizing the possibility of recurrence of the accidents analyzed in accordance with §195.402(c)(5).

(7) paragraph 3.2.1(b) does not refer to the startup and shut down procedures included in the Katapult Control Center Procedures Manual.

4. **§195.402(d) Abnormal operation. The manual required by paragraph (a) of this section must include procedures for the following to provide safety when operating design limits have been exceeded;**
- (2) Checking variations from normal operation after abnormal operation has ended**

at sufficient critical locations in the system to determine continued integrity and safe operation.

Your procedures manual is inadequate in that paragraph 5.3 appears to give operating and maintenance personnel the option of remaining at critical locations by using should in the instructions.

5. **§195.406 Maximum operating pressure.**

(a) Except for surge pressures and other variations from normal operations, no operator may operate a pipeline at a pressure that exceeds any of the following:

(1) The internal design pressure of the pipe determined in accordance with §195.106. However, for steel pipe in pipelines being converted under §195.5, if one or more factors of the design formula (§195.106) are unknown, one of the following pressures is to be used as design pressure:

(2) The design pressure of any other component of the pipeline.

(3) Eighty percent of the test pressure for any part of the pipeline which has been pressure tested under Subpart E of this part.

Your procedures manual is inadequate in that paragraph 4.6 permits electrical overpressure switches on mainline pumping equipment to be set at 110% of the maximum operating pressure. Since there are no other overpressure safety devices installed in the system the set points of these switches must be set at or below the maximum operating pressure of the system.

6. **§195.416(e) External corrosion control. Whenever any buried pipe is exposed for any reason, the operator shall examine the pipe for evidence of external corrosion. If the operator finds that there is active corrosion, that the surface of the pipe is generally pitted, or that corrosion has caused a leak, it shall investigate further to determine the extent of the corrosion.**

Your procedures manual is inadequate in that paragraph 4.8.4 has no procedures for further investigation if active external corrosion is found.

7. **§195.418(b) Internal corrosion control.**

(b) The operator shall, at intervals not exceeding 7 ½ months, but at least twice each calendar year, examine coupons or other types of monitoring equipment to determine the effectiveness of the inhibitors or the extent of any corrosion.

(d) Whenever any pipe is removed from the pipeline for any reason, the operator must inspect the internal surface for evidence of corrosion. If the pipe is generally corroded such that the remaining wall thickness is less than the minimum thickness required by the pipe specification tolerances, the operator shall investigate adjacent pipe to determine the extent of the corrosion. The corroded pipe must be replaced with pipe that meets the requirements of this part or, based on the actual remaining

wall thickness, the operating pressure must be reduced to be commensurate with the limits on operating pressure specified in this subpart.

Your procedures manual is inadequate in that:

- b) there are no written criteria for determining the effectiveness of the inhibitors or the extent of any corrosion and
- d) there is no procedure for the investigation of adjacent pipe when general internal corrosion has reduced the pipe wall thickness to less than the minimum thickness required by the pipe specification tolerances,

8. **§195.422(a) Pipeline repairs. Each operator shall, in repairing its pipeline systems, insure that the repairs are made in a safe manner and are made so as to prevent damage to persons or property.**

Your procedures manual is inadequate in that:

- a) paragraph 4.11 states that “Pipeline repairs should be made in a safe manner” and “Documentation of repairs should be made on applicable forms” and
- b) there are no procedures for pipeline repairs made with “clock springs.”

9. **§195.430 Firefighting equipment. Each operator shall maintain adequate firefighting equipment at each pump station and breakout tank area. The equipment must be-**
(c) Located so that it is easily accessible during a fire.

Your procedures manual is inadequate in that paragraph 4.14.1 does not include “pump station” and uses the wording needs to be instead of “must” in discussing the location of the fire extinguishers.

10. **§195.436 Security of facilities. Each operator shall provide protection for each pumping station and breakout tank area and other exposed facility (such as scraper traps) from vandalism and unauthorized entry.**

Your procedures manual is inadequate in that neither paragraph 4.10.2, which discusses fencing around scraper trap facilities, nor paragraph 4.16, which discusses security in general, refer to your fencing standard.

11. **§195.442 Damage prevention program. (a) Each operator of a buried pipeline shall carry out in accordance with this section a written program to prevent damage to that pipeline by excavation activities. For the purpose of this section, "excavation activities" include excavation, blasting, boring, tunneling, backfilling, the removal of above ground structures by either explosive or mechanical means, and other earth moving operations.**

(b) The damage prevention program required by paragraph (a) of this section must, at a minimum:

(6) Provide as follows for inspection of pipelines that an operator has reason to believe could be damaged by excavation activities:

(i) The inspection must be done as frequently as necessary during and after the activities to verify the integrity of the pipeline.

Your procedures manual is inadequate in that paragraph 4.19 does not specify when it may be necessary to inspect pipelines that you have reason to believe could be damaged by excavation activities or that the inspection must be done as frequently as necessary during and after the activities to verify the integrity of the pipeline..

As provided in 49 C.F.R. §190.237, this notice serves as your notification that this office considers your procedures/plans inadequate. Under 49 C.F.R. §190.237, you have a right to submit written comments or request an informal hearing. You must submit written comments or a request for a hearing within 30 days after receipt of this notice. After reviewing the record, the Associate Administrator for Pipeline Safety will determine whether your plans or procedures are adequate. The criteria used in making this determination are outlined in 49 C.F.R. §190.237. If you do not wish to contest this notice, please provide your revised procedures within 30 days of receipt of this notice. Additionally, please send a copy of your new comprehensive manual of written procedures to this office for review when this manual has been completed. Please refer to CPF No. 47512 in any correspondence/communication on this matter.

Sincerely,

James C. Thomas
Director

BH/dat

PROPOSED AMENDMENTS

The Office of Pipeline Safety proposes that Koch Hydrocarbon Company amend its procedural manual for operations, maintenance and emergencies as specified below. Each numbered statement corresponds to the same numbered paragraph in the Notice of Amendment.

- 1, 4, 8, and 9. Delete **should** and **needs to be** and replace with ***shall***. The team which reviewed the procedures manuals may have missed some instances where **should** or **needs to be** was used instead of ***shall***. You are instructed to critically review the manuals; if any of your procedures were written to comply with a specific OPS regulation which uses ***shall*** and you did not use ***shall*** in the text of your procedure then you must make appropriate changes to include ***shall***.
2. Develop a procedure for attaching the ground wire to the pipe or fitting on which welding is to be performed and include this procedure in the welding procedures manual.
3. (5) Amend paragraph 4.21 by referring to your accident review form; include the form number if it is numbered. (6) Amend the procedures manual by including details for details for minimizing the possibility of recurrence of the accidents analyzed in accordance with §195.402(c)(5). (7) Amend paragraph 3.2.1(b) of the procedures manual by including or referring to the startup and shut down procedures included in the Katapult Control Center Procedures Manual.
5. Amend paragraph 4.6 to restrict the set point of the electrical overpressure switches on all main line pumps to the maximum operating pressure of the pipeline system.
6. Amend paragraph 4.8.4 to include procedures for further investigation of the exposed pipe if active corrosion is found.
7. (b) Amend your procedures for internal corrosion detection by enumerating the actions you plan to initiate when various amounts of coupon metal loss are detected. (d) Amend your procedures to instruct operating and maintenance personnel to inspect the inner wall of adjacent pipe to determine the extent of the corrosion whenever general internal corrosion has reduced the remaining wall thickness to less than the minimum thickness required by the pipe specification tolerances.
8. (b) Amend your procedures by including the procedures to be used when pipe repairs are made using a Clock Spring®.
10. Refer to your fencing standard in paragraphs 4.10.2 and 4.16 of your procedures.
11. Amend paragraph 4.19 to specify when operating and maintenance personnel will be on site during excavation by third party excavators.