



U S Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Ave S E
Washington DC 20590

JAN 24 2008

William Schneider
President
Venoco, Inc.
370 17th Street, Suite 390
Denver, CO 80202-1370

Re: CPF No. 5-2003-0011

Dear Mr. Schneider:

Enclosed is the Final Order issued in the above-referenced case. It makes findings of violation and finds that the actions specified in the Notice have been completed as required to comply with the pipeline safety regulations. This case is now closed. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Chris Hoidal, P.E., Director, Western Region, PHMSA

Mr. Keith Wenal
Safety Manager
Venoco, Inc.
6267 Carpinteria Avenue, Suite 100
Carpinteria, CA 93013

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

**DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, DC 20590**

In the Matter of)	
)	
)	
Venoco, Inc.,¹)	CPF No. 5-2003-0011
)	
Respondent)	

FINAL ORDER

From April 29 to May 2, 2002 and July 8 to July 10, 2002, pursuant to § 49 U.S.C. 60117, representatives of the Pipeline and Hazardous Materials Safety Administration's² (PHMSA's) Office of Pipeline Safety conducted an on-site pipeline safety inspection of the facilities and records of Respondent's Union Island pipeline and Bay Point to Avon Refinery pipeline near Tracy, California. As a result of the inspection, the Director, Western Region, PHMSA, issued to Respondent, by letter dated July 11, 2003, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had committed violations of 49 C.F.R. Part 192 and ordering Respondent to take certain measures to correct the alleged violations. In addition, the Notice contained a warning that Respondent had committed certain other probable violations of 49 C.F.R. §§ 191.17 and 192.465(b) and advised Respondent to take appropriate corrective action.

¹ This action was originally brought against Tesoro Corporation. In a September 15, 2003 correspondence to PHMSA, ConocoPhillips Company stated that it "acquired the Phillips Petroleum Company, which had previously acquired the Tosco Corporation, which was operating the Union Island and Bay Point to Avon pipelines." As a result of this acquisition, ConocoPhillips became the operator of the two pipeline systems. By letter dated February 2, 2006, Venoco, Inc., informed PHMSA that it had acquired the two subject pipeline segments, effective December 2005, and that the Bay Point to Avon Refinery pipeline had been deactivated.

² Effective February 20, 2005, the Pipeline and Hazardous Materials Safety Administration (PHMSA) succeeded Research and Special Programs Administration as the agency responsible for regulating safety in pipeline transportation and hazardous materials transportation. See, section 108 of the Norman Y Mineta Research and Special Programs Improvement Act (Public Law 108-426, 118 Stat. 2423-2429 (November 30, 2004)). See also, 70 Fed. Reg. 8299 (February 18, 2005) re-delegating the pipeline safety authorities and functions to the PHMSA Administrator.

ConocoPhillips Company responded to the Notice by letter dated September 15, 2003 (Response). Respondent did not contest the allegations of violation but provided information concerning the corrective actions it had taken. Respondent did not request a hearing, and therefore has waived its right to one.

FINDINGS OF VIOLATION

In its Response, Respondent did not contest the allegations in the Notice that it had violated 40 C.F.R. Part 192, as follows:

Item 1 in the Notice alleged that Respondent violated 49 C.F.R. § 192.605(a), which states:

§ 192.605 Procedural manual for operations, maintenance, and emergencies.

(a) *General* Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting normal operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted..

Specifically, the Notice alleged that Respondent's operations and maintenance manual required under § 192.605(a) failed to include various safety procedures required under 49 C.F.R. §§ 192.605(b)(2), 192.453, 192.455, 192.457, 192.471, 192.605(c)(2), 192.615(a)(9), and 192.615(c). Inasmuch as the Respondent did not contest these allegations, I find that Respondent, at the time of inspection, violated 49 C.F.R. § 192.605(a) by failing to have a written procedural manual for conducting operations and maintenance activities and for emergency response, as more fully described in the Notice. Also, Respondent could not produce documentation that it had reviewed and updated its manual at intervals not exceeding 15 months, but at least once each calendar year, for the Union Island pipeline between 1996 and 2002 and for the Bay Point to Avon Refinery pipeline for the year 2000.

Item 2 in the Notice alleged that Respondent violated 49 C.F.R. § 192.603(b), which states:

§ 192.603 General provisions.

- (a)
- (b) Each operator shall keep records necessary to administer the procedures established under § 192.605.

Specifically, the Notice alleged that Respondent failed to provide documentation that it had maintained liaison with appropriate fire, police, and other public officials between 1996 and 2002 for the Union Island pipeline and between 2000 and 2002 for the Bay Point to Avon Refinery pipeline. Accordingly, I find that Respondent violated 49 C.F.R. § 192.603(b) for failing to keep records necessary to administer the procedures established under 49 C.F.R. § 192.605.

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 Items 1 and 2 for violations of 49 C.F.R. §§ 192.605 and 192.615. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas, hazardous liquids, or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under Chapter 601. The Director, Western Region, PHMSA has indicated that Respondent has taken the following actions specified in the Proposed Compliance Order:

Item 1: Respondent satisfactorily amended its procedural manual to meet the requirements of 49 C.F.R. §§ 192.605(a), 192.605(b), and 192.605(c), as more fully described in the Notice. On April 22, 2005, a PHMSA inspector reviewed the amended procedural manual for compliance with this Item.

Item 2: Respondent instituted and documented an active and continuing liaison program to meet the requirements of 49 C.F.R. §§ 192.603 and 192.605, as more fully described in the Notice. On April 22, 2005, PHMSA's inspector reviewed the amended procedural manual for this Item.

Accordingly, since compliance has been achieved with respect to these violations, the compliance terms are not included in this Order.

WARNING ITEMS

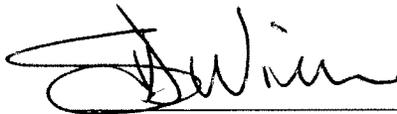
With respect to Items 3 and 4, the Notice alleged probable violations of 49 C.F.R. §§ 191.17 and 192.465, as more fully described in the Notice, but did not propose a civil penalty or compliance order for these items. Therefore, these are considered to be warning items. The warnings were for:

Item 3: 49 C.F.R. § 191.17 — Respondent's alleged failure to submit Annual Reports for specified years; and

Item 4: 49 C.F.R. § 192.465(b) — Respondent allegedly exceeded the maximum interval for inspections of rectifier monitoring on the Union Island pipeline.

In the Response, Respondent indicated that it would take actions to address the cited items. Having considered such information, I find, pursuant to 49 C.F.R. § 190.205, that probable violations of 49 C.F.R. § § 191.17 (Notice Item 3) and 192.465(b) (Notice Item 4) have occurred and Respondent is hereby advised to correct such conditions. In the event that PHMSA finds a violation of either of these Items in a subsequent inspection, Respondent may be subject to future enforcement action.

The terms and conditions of this Final Order are effective on receipt.



Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

JAN 24 2008

Date Issued