

May 5 2009

Ms. Margaret A. Yaege
President
ConocoPhillips Pipe Line Company
600 North Dairy Ashford
Houston, TX 77079

Re: CPF No. 5-2008-5038

Dear Ms. Yaege:

Enclosed is the Final Order issued in the above-referenced case. It makes a finding of violation and specifies actions that ConocoPhillips needs to take to comply with the pipeline safety regulations. When the terms of the compliance order have been completed, as determined by the Director, Western Region, this enforcement action will be closed. Your receipt of this Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

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

Mr. Todd Tullio, Director, Regulatory Compliance
ConocoPhillips Pipe Line Company
1000 South Pine
Ponca City, OK 76602

CERTIFIED MAIL – RETURN RECEIPT REQUESTED [7005 1160 0001 0046 9488]

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

_____)	
In the Matter of)	
)	
ConocoPhillips Pipe Line Company,)	CPF No.5-2008-5038
)	
Respondent.)	
_____)	

FINAL ORDER

On May 19–23 and June 2–5, 2008, pursuant to 49 U.S.C. § 60117, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an inspection of the Integrity Management Program (IMP) of ConocoPhillips Pipe Line Company (ConocoPhillips or Respondent) at its offices in Ponca City, Oklahoma. ConocoPhillips operates approximately 10,556 miles of DOT-regulated hazardous liquid pipelines that transport crude oil, refined products, and highly volatile liquids. As a result of the inspection, the Director, Western Region, OPS (Director), issued to ConocoPhillips, by letter dated October 15, 2008, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that ConocoPhillips had violated 49 C.F.R. § 195.452 and proposed ordering ConocoPhillips to take certain measures to correct the alleged violation.

ConocoPhillips responded to the Notice by letter dated November 18, 2008 (Response). The company did not contest the allegation of violation but requested a modification of the proposed Compliance Order. Respondent did not request a hearing and therefore has waived its right to one.

FINDING OF VIOLATION

In its Response, ConocoPhillips did not contest the allegation in the Notice that it violated 49 C.F.R. Part 195, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.452, which states in relevant part:

§ 195.452 Pipeline integrity management in high consequence areas.

(a)

(f) *What are the elements of an integrity management program?* An integrity management program begins with the initial framework. An operator must continually change the program to reflect operating experience, conclusions drawn from results of the integrity assessments, and other maintenance and

surveillance data, and evaluation of consequences of a failure on the high consequence area. An operator must include, at minimum, each of the following elements in its written integrity management program:

(1) . . .

(4) Criteria for remedial actions to address integrity issues raised by the assessment methods and information analysis (see paragraph (h) of this section) .

. . .

(h) *What actions must an operator take to address integrity issues?*

(1) *General requirements.* An operator must take prompt action to address all anomalous conditions the operator discovers through the integrity assessment or information analysis. In addressing all conditions, an operator must evaluate all anomalous conditions and remediate those that could reduce a pipeline's integrity. An operator must be able to demonstrate that the remediation of the condition will ensure the condition is unlikely to pose a threat to the long-term integrity of the pipeline. . . .

(2) . . .

(4) *Special requirements for scheduling remediation—*

(i) *Immediate repair conditions . . .*

(iii) *180-day conditions.* Except for conditions listed in paragraph (h)(4)(i) or (ii) of this section, an operator must schedule evaluation and remediation of the following within 180 days of discovery of the condition:

(A) A dent with a depth greater than 2% of the pipeline's diameter (0.250 inches in depth for a pipeline diameter less than NPS 12) that affects pipe curvature at a girth weld or a longitudinal seam weld.

(B) A dent located on the top of the pipeline (above 4 and 8 o'clock position) with a depth greater than 2% of the pipeline's diameter (0.250 inches in depth for a pipeline diameter less than NPS 12).

(C) A dent located on the bottom of the pipeline with a depth greater than 6% of the pipeline's diameter.

(D) A calculation of the remaining strength of the pipe shows an operating pressure that is less than the current established maximum operating pressure at the location of the anomaly. Suitable remaining strength calculation methods include, but are not limited to, ASME/ANSI B31G ("Manual for Determining the Remaining Strength of Corroded Pipelines" (1991)) or AGA Pipeline Research Committee Project PR-3-805 ("A Modified Criterion for Evaluating the Remaining Strength of Corroded Pipe" (December 1989)). These documents are incorporated by reference and are available at the addresses listed in § 195.3.

(E) An area of general corrosion with a predicted metal loss greater than 50% of nominal wall.

(F) Predicted metal loss greater than 50% of nominal wall that is located at a crossing of another pipeline, or is in an area with widespread circumferential corrosion, or is in an area that could affect a girth weld.

(G) A potential crack indication that when excavated is determined to be a crack.

(H) Corrosion of or along a longitudinal seam weld.

(I) A gouge or groove greater than 12.5% of nominal wall.

The Notice alleged that ConocoPhillips violated § 195.452(h)(4)(iii) by failing to properly schedule the evaluation and remediation of certain anomalous conditions that must be remediated within 180 days of their discovery. Specifically, the Notice alleged that ConocoPhillips did not integrate data showing the known longitudinal seam orientation of its pipeline with results it had obtained from in-line inspections (ILIs), a process that is necessary to identify potentially significant corrosion along longitudinal seam welds.¹ To identify longitudinal seam welds where corrosion might be serious enough to warrant remediation within 180 days, it is necessary to integrate longitudinal seam orientation data with relevant ILI results. Respondent did not contest this allegation and indicated that it would integrate its long seam orientation data with ILI results. Accordingly, upon consideration of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.452(h)(4)(iii) by failing to properly identify anomalous conditions that must be remediated within 180 days of their discovery.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 1 in the Notice for a violation of 49 C.F.R. § 195.452. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601.

In its Response, ConocoPhillips requested an adjustment of the 60-day deadline in the proposed Compliance Order for integrating its longitudinal seam orientation data with the ILI results. Respondent explained that it needed additional time to integrate and analyze all the information. The Director has reviewed and agrees with Respondent's alternative schedule, which is reflected in the amended compliance terms below. This Compliance Order, however, does not constitute acceptance or approval of the proposed corrective actions outlined in the company's Response. The Director will review and address the adequacy of ConocoPhillips' plans and procedures in the context of submittals provided to the Director in response to this Compliance Order.

Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations. Respondent must:

1. Review its in-line inspection data and/or records to verify that all of the defects associated with long seam corrosion have been discovered, categorized, and repaired in accordance with 49 C.F.R. § 195.452(h)(4)(iii).
2. In accordance with the schedule proposed in Respondent's Response, and in no event later than December 31, 2009, complete the above item and submit the required documentation and procedures to the Director, Western Region, Pipeline and Hazardous Materials Safety Administration, 12300 West Dakota Avenue, Suite 110, Lakewood, Colorado 80228.

¹ Subsection (H) of 49 C.F.R. § 195.452(h)(4)(iii), as quoted above.

3. Maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and report the total costs to the Director as follows: (a) total cost associated with preparation/revision of plans and procedures, and performance of studies and analyses; and (b) total cost associated with physical changes, if any, to the pipeline infrastructures, including replacements and additions.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent demonstrating good cause for an extension.

Failure to comply with this Order may result in administrative assessment of civil penalties not to exceed \$100,000 for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a Petition for Reconsideration of this Final Order. The petition must be received within 20 days of Respondent's receipt of this Final Order and must contain a brief statement of the issue(s). The terms of the order, including any required corrective action, shall remain in full force and effect unless the Associate Administrator, upon request, grants a stay. The terms and conditions of this Final Order shall be effective upon receipt.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued