

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED [7007 2560 0000 7825 9471]

September 21, 2010

Mr. Greg Mattson
VP, HSSE & Engineering
BP Exploration (Alaska), Inc.
P.O. Box 196612
Anchorage, AK 99519-6612

CPF 5-2010-0016W

Dear Mr. Mattson:

On July 27-29, 2010, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected BP Exploration Alaska's (BPXA) Badami Natural Gas Transmission Pipeline in Prudhoe Bay, Alaska.

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

- 1. §192.467 External corrosion control: Electrical isolation.
(d) Inspection and electrical tests must be made to assure that electrical isolation is adequate.**

The 2006-2009 Cathodic Protection Surveys did not check electrical isolation at the insulated flanges or all of the cased crossings. The CP survey must address the condition of insulation flanges and casings.

The probable violation was based on 2006-2009 Cathodic Protection Survey report and discussion with BPXA personnel.

2. §192.481 Atmospheric corrosion control: Monitoring.

(a) Each operator 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
Offshore.....	At least once each calendar year, but with intervals not exceeding 15 months

(b) During inspections the operator must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.

(c) If atmospheric corrosion is found during an inspection, the operator must provide protection against the corrosion as required by § 192.479.

External pitting corrosion was found on welds at the Little Skookum bridge crossing. Pipelines need to be surveyed for atmospheric corrosion every year, due to the exposure to the ocean, and remediated when corrosion is found. The probable violation is based on photographic evidence taken during the inspection.

3. §192.703 General.

(a) No person may operate a segment of pipeline, unless it is maintained in accordance with this subpart.

(b) Each segment of pipeline that becomes unsafe must be replaced, repaired, or removed from service.

Wind-induced vibration dampeners were inspected as PHMSA traveled along the pipeline. Several were seen with broken lengths, and the damper weights lying on the tundra. Badami has had two failures due to wind induced vibration of the gas pipeline in the past. Badami must repair the pipeline to ensure safe operations.

The probable violation is based upon visual inspection by PHMSA and BPXA's annual Line Walk Survey.

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 BPXA 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 5-2010-0016W**. 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,

Dennis Hinnah
Deputy Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
B. Flanders (#130728)