

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 5-2010-5025W

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 Sales Oil 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. §195.575 Which facilities must I electrically isolate and what inspections, tests, and safeguards are required?
(c) You must inspect and electrically test each electrical isolation to assure the 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.

The probable violation is based on 2006-2009 Cathodic Protection Survey report.

2. §195.102 Design temperature.

(a) Material for components of the system must be chosen for the temperature environment in which the components will be used so that the pipeline will maintain its structural integrity.

The operator removed insulation to perform maintenance on electrical heat tracing at the Badami pig launcher. Operator's personnel indicated that the insulation and heat tracing was to protect piping and valves that were not suitable for Arctic temperatures.

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 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 5-2010-5025W**. 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 (#130730)