

## **WARNING LETTER**

### **CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

April 19, 2012

Mr. Tracy Carter  
Vice President  
Devon Gas Services, L.P.  
100 N. Broadway  
Oklahoma City, OK 73102

**CPF 5-2012-6014W**

Dear Mr. Carter:

On September 26 through September 29, 2011, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your implementing records for Devon Gas Services' (Devon) Integrity Management (IM) Program related to your Beaver Creek CO<sub>2</sub> pipeline near Riverton, Wyoming.

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

- 1. §195.452 Pipeline integrity management in high consequence areas.**
  - (e) What are the risk factors for establishing an assessment schedule (for both the baseline and continual integrity assessments)?**
    - (1) An operator must establish an integrity assessment schedule that prioritizes pipeline segments for assessment (see paragraphs (d) (1) and (j) (3) of this section). An operator must base the assessment schedule on all risk factors that reflect the risk conditions on the pipeline segment. The factors an operator must consider include, but are not limited to:**

- (i) Results of the previous integrity assessment, defect type and size that the assessment method can detect, and defect growth rate;**
- (ii) Pipe size, material, manufacturing information, coating type and condition, and seam type;**
- (iii) Leak history, repair history and cathodic protection history;**
- (iv) Product transported;**
- (v) Operating stress level;**
- (vi) Existing or projected activities in the area;**
- (vii) Local environmental factors that could affect the pipeline (e.g., corrosivity of soil, subsidence, climatic);**
- (viii) geo-technical hazards; and**
- (ix) Physical support of the segment such as by a cable suspension bridge.**

Devon did not adequately consider all of the risk factors associated with their pipeline when establishing an assessment schedule. Devon failed to use all of the available data to represent their pipeline characteristics in the risk analysis of pipeline segments. At the time of inspection, it appears that the general or default values were inappropriately used where pipe data had not been collected. An accurate and up-to-date risk analysis is the basis of having an effective integrity management program and must use all of the risk factors available to the operator.

**2. §195.452 Pipeline integrity management in high consequence areas.**

**(i) What preventive and mitigative measures must an operator take to protect the high consequence area?**

**(1) General requirements. An operator must take measures to prevent and mitigate the consequences of a pipeline failure that could affect a high consequence area. These measures include conducting a risk analysis of the pipeline segment to identify additional actions to enhance public safety or environmental protection. Such actions may include, but are not limited to, implementing damage prevention best practices, better monitoring of cathodic protection where corrosion is a concern, establishing shorter inspection intervals, installing EFRDs on the pipeline segment, modifying the systems that monitor pressure and detect leaks, providing additional training to personnel on response procedures, conducting drills with local emergency responders and adopting other management controls.**

Devon did not take additional measures to prevent and mitigate the consequences of a pipeline failure that could affect a high consequence area. At the time of inspection, it was noted that Devon's Integrity Management program listed several potential candidates for preventive and mitigative measures to reduce the consequences of a pipeline failure in an HCA. However, none of the candidates had been selected to assist Devon in reducing the consequences of a pipeline failure. Devon needs to use the results from their risk analysis to formulate a strategy of implementing their preventive and mitigative measures program.

**3. §195.452 Pipeline integrity management in high consequence areas.**

**(i) What preventive and mitigative measures must an operator take to protect the high consequence area?**

**(3) Leak detection. An operator must have a means to detect leaks on its pipeline system. An operator must evaluate the capability of its leak detection means and modify, as necessary, to protect the high consequence area. An operator's evaluation must, at least, consider, the following factors—length and size of the pipeline, type of product carried, the pipeline's proximity to the high consequence area, the swiftness of leak detection, location of nearest response personnel, leak history, and risk assessment results.**

Devon did not perform an evaluation of its leak detection capability to protect the high consequence area. At the time of inspection, Section 6 of Devon's *P&MM Evaluation Form 606* states, "Since the CO<sub>2</sub> line only has one HCA and it directly impacts the HCA, there would be no reduction in impact to HCAs. Also, additional studies were not deemed necessary by the SMEs." However, it appears that *Form 606* did not indicate a formal evaluation of their leak detection capability was completed in accordance with your own IM procedures. Devon must perform an evaluation of its leak detection capability to protect the high consequence area.

**4. §195.452 Pipeline integrity management in high consequence areas.**

**(i) What preventive and mitigative measures must an operator take to protect the high consequence area?**

**(4) Emergency Flow Restricting Devices (EFRD). If an operator determines that an EFRD is needed on a pipeline segment to protect a high consequence area in the event of a hazardous liquid pipeline release, an operator must install the EFRD. In making this determination, an operator must, at least, consider the following factors—the swiftness of leak detection and pipeline shutdown capabilities, the type of commodity carried, the rate of potential leakage, the volume that can be released, topography or pipeline profile, the potential for ignition, proximity to power sources, location of nearest response personnel, specific terrain between the pipeline segment and the high consequence area, and benefits expected by reducing the spill size.**

Devon failed to perform an evaluation of its Emergency Flow Restricting Devices (EFRD) capability to protect the high consequence area. At the time of inspection, Section 6 of Devon's *P&MM Evaluation Form 606* states, "Since the CO<sub>2</sub> line only has one HCA and it directly impacts the HCA, there would be no reduction in impact to HCAs. Also, additional studies were not deemed necessary by the SMEs." However, it appears that *Form 606* did not indicate an evaluation of their EFRD capability was completed in accordance with your own IM procedures. Devon must perform an evaluation of its EFRD capability to protect the high consequence area.

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 Devon Gas Services, L.P. 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 5-2012-6014W**. 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,

Chris Hoidal  
Director, Western Region  
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry  
PHP-500 G. Davis (#134159)