



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

400 Seventh Street, S.W.
Washington, D.C. 20590

OCT 14 2005

Mr. Jim Lamanna
President
BP Pipelines (North America) Inc.
28100 Torch Parkway
Warrenville, IL 60555

Re: CPF No. 3-2004-5015

Dear Mr. Lamanna:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It makes findings of violation and assesses a civil penalty of \$18,500. The Order also finds that you have addressed the inadequacies in your procedures that were cited in the Notice of Amendment. When the civil penalty is paid, this enforcement action will be closed. The penalty payment terms are set forth in the Final Order. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

James Reynolds
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosure

cc: Ivan Huntoon
Director, Central Region, OPS

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)
)
BP Pipelines (North America) Inc.,)
)
Respondent.)
_____)

CPF No. 3-2004-5015

FINAL ORDER

During the weeks of June 2, 2003 and August 11, 2003, pursuant to 49 U.S.C. § 60117, a representative of the Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of Respondent's crude oil pipeline facilities and records in Manhattan, Illinois. As a result of the inspection, the Director, Central Region, OPS, issued to Respondent, by letter dated May 6, 2004, a Notice of Probable Violation, Proposed Civil Penalty, and Notice of Amendment (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 195, and proposed assessing a civil penalty of \$18,500 for the alleged violations. The Notice also proposed, in accordance with 49 C.F.R. § 190.237, that Respondent amend its procedures for operations, maintenance and emergencies.

Respondent responded to the Notice by letter dated June 17, 2004 (Response). Respondent did not contest the allegations of violation but provided information concerning the corrective actions it has 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 alleged violations in the Notice. Accordingly, I find that Respondent committed the following violations of 49 C.F.R. Part 195, as more fully described in the Notice:

49 C.F.R. § 195.404(c)(3) (Notice Item 2a) – failing to adequately document all required monthly breakout tank inspections at the Manhattan facility in the 2001-2003 period;

49 C.F.R. § 195.404(c)(3) (Notice Item 2c) – failing to adequately document high-pressure case switch inspections for pumps 2-A and 2-B at the Griffith-Lakehead station in 2001 and 2002.

49 C.F.R. § 195.428(a) (Notice Item 3a) – failing to demonstrate that all required pressure relief device inspections were conducted at the Manhattan facility in the 2001-2002 period.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to a civil penalty not to exceed \$100,000 per violation for each day of the violation up to a maximum of \$1,000,000 for any related series of violations.

49 U.S.C. § 60122 and 49 C.F.R. § 190.225 require that, in determining the amount of the civil penalty, I consider the following criteria: nature, circumstances, and gravity of the violation, degree of Respondent's culpability, history of Respondent's prior offenses, Respondent's ability to pay the penalty, good faith by Respondent in attempting to achieve compliance, the effect on Respondent's ability to continue in business, and such other matters as justice may require.

With respect to Item 2a, the Notice proposed that Respondent be assessed a civil penalty of \$15,000 for violating § 195.404(c)(3) by failing to adequately document all required monthly breakout tank inspections at the Manhattan facility in the 2001-2003 period. The pipeline safety regulations require pipeline operators to maintain complete and accurate records of their facility inspections to ensure that all inspections are performed within the applicable time interval. The failure to maintain complete and accurate records hinders the ability of OPS to determine whether an operator is operating its pipeline safely, and may hinder an operator's ability to adequately assess the status of its system and to promptly troubleshoot abnormal conditions.

In its response, Respondent indicated that it had reviewed its record keeping practices to ensure that future tank inspections would be fully documented. Respondent, however, presented no information that would warrant a reduction in the penalty amount proposed in the Notice for this item. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$15,000 for this violation.

With respect to Item 2c, the Notice proposed that Respondent be assessed a civil penalty of \$1,000 for violating § 195.404(c)(3) by failing to adequately document high-pressure case switch inspections for pumps 2-A and 2-B at the Griffith-Lakehead station in 2001 and 2002. The pipeline safety regulations require pipeline operators to maintain complete and accurate records of their facility inspections to ensure that all inspections are consistently performed within the applicable interval. The failure to maintain complete and accurate records hinders the ability of OPS to determine whether an operator is operating its pipeline safely, and may hinder an operator's ability to adequately assess the status of its system and to promptly troubleshoot abnormal conditions. In its response, Respondent indicated that it had reviewed its record keeping practices to ensure that future inspections would be fully documented. Respondent, however, presented no information that

would warrant a reduction in the penalty amount proposed in the Notice for this item. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$1,000 for this violation.

With respect to Item 3a, the Notice proposed that Respondent be assessed a civil penalty of \$2,500 for violating § 195.428(a) by failing to demonstrate that all required pressure relief device inspections were conducted at the Manhattan facility in the 2001-2002 period. The pipeline safety regulations require pipeline operators to inspect and test each pressure relief device at intervals not exceeding 15 months, but at least once each calendar year, and to maintain records of these inspections. Pressure relief devices protect the pipeline system from surges of a magnitude that can adversely affect the integrity of the pipeline. The failure to timely conduct and document pressure relief valve inspections at a pipeline facility can have safety-related impacts.

In its response, Respondent indicated that it inspected and tested the specified pressure relief valves in 2003, and that it had reviewed its record keeping practices to ensure that future valve inspections would be fully documented. Respondent, however, presented no information that would warrant a reduction in the penalty amount proposed in the Notice for this item.

Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$2,500 for this violation.

Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a total civil penalty of \$18,500.

Payment of the civil penalty must be made within 20 days of service. Federal regulations (49 C.F.R. § 89.21(b)(3)) require this payment be made by wire transfer, through the Federal Reserve Communications System (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMZ-120), Federal Aviation Administration, Mike Monroney Aeronautical Center, P.O. Box 25082, Oklahoma City, OK 73125; (405) 954-4719.

Failure to pay the \$18,500 civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 C.F.R. § 901.9 and 49 C.F.R. § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in a United States District Court.

AMENDMENT OF PROCEDURES

The Notice alleged inadequacies in Respondent's procedures for operations, maintenance and emergencies and proposed to require amendment of Respondent's procedures to comply with the requirements of 49 C.F.R. Part 195. Specifically, Item 1 in the Notice alleged that Respondent's procedures for tank inspections were inadequate in that they did not provide clear direction that all

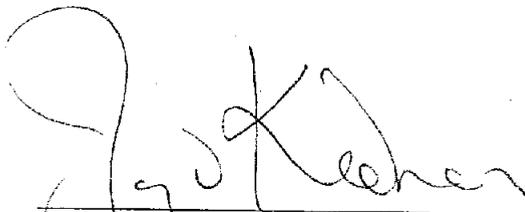
of the tanks that relieve surges in its pipeline system meet the definition of breakout tanks and must be inspected on a monthly basis in accordance with § 195.432 and API Standard 653.

In its response, Respondent submitted copies of its amended procedures, which the Director, Central Region, OPS reviewed. Based on the results of this review, I find that Respondent's original procedures as described in the Notice were inadequate to ensure safe operation of its pipeline system, but that Respondent has corrected the identified inadequacies. Accordingly, no need exists to issue an order directing amendment.

WARNING ITEMS

The Notice did not propose a civil penalty or corrective action for Item 2b in the Notice – failure to document an inspection of Main Line Valve 13775, or Item 3b – failure to properly inspect certain valves at the Whiting terminal. Therefore, these are considered warning items. Respondent is warned that if it does not take appropriate action to correct these items, enforcement action will be taken if a subsequent inspection reveals a violation.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a petition for reconsideration of this Final Order. Should Respondent elect to do so, 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 filing of a petition automatically stays the payment of any civil penalty assessed. However if Respondent submits payment for the civil penalty, the Final Order becomes the final administrative decision and the right to petition for reconsideration is waived. The terms and conditions of this Final Order are effective on receipt.



for
Stacey Gerard
Associate Administrator
for Pipeline Safety

OCT 14 2005

Date Issued