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October 14, 2008

10-20-08 P03:12 IN

Mr. Chris Hoidal  
Director Western Region  
PHMSA  
12300 W. Dakota Ave., Suite 110  
Lakewood, CO 80228

Re: Response to Notice of Probable Violation and Proposed Compliance Order  
CPF No. 5-2008-2002

Dear Director:

As required by your Notice of Probable Violation and Proposed Compliance Order dated September 10, 2008, Union Oil Company of California (UOCC), a Chevron company, hereby submits its 30 day response as set forth in the requirements for the Warning Items and Compliance Order. UOCC contests Proposed Compliance Order number 2, responds to the three warnings, and does not contest Proposed Compliance Order number 5 for the following reasons.

Response to Warning Item 1:

UOCC contests warning item number one, and requests that the warning be withdrawn. UOCC does not believe 49 CFR § 192.150 applies to this line because it is not a transmission line as that term is defined, and 192.150 does not otherwise apply to this gathering line. However, although the Grayling B line has a Furminite Sleeve installed as a pipeline repair which reduces the nominal diameter from 10" to 6" at the base of the platform j-tube, UOCC maintains that the pipeline is able to be inspected (smart piggable) utilizing bi-directional in-line inspection tools on both the pipeline and the riser to obtain usable metal loss and geometry data.

Response to Proposed Compliance Order Item 2:

UOCC contests Proposed Compliance Order number 2 for the following reasons.

UOCC does not dispute the pipeline observations noted in item number 2. The GPTF inter-tidal zone is subject to wind and tidal erosion, which continually unburies and re-buries the Bruce and Granite Point pipelines throughout the year. As explained below annual pipeline repair work is a seasonal program because of extreme weather, ice, and tidal considerations. The DOT inspection, which resulted in this Proposed Compliance Order, was conducted in March, immediately before the scheduled annual maintenance program.

UOCC has a "Routine Near-Shore Pipeline Maintenance Plan" that is annually implemented at three locations operated by UOCC: Granite Point Tank Farm (GPTF), Trading Bay Production Facility (TBPf), and at the Cook Inlet Field Office (CIFO), previously called East Forelands Delivery Facility (EFDF). The purpose of this program is to identify areas that require maintenance and/or repair in order to mitigate the risk of pipeline failure. Maintenance activities include inspection, stabilization, coating and/or pipeline repair, and reburial of the exposed portions of the natural gas and hazardous liquids pipelines located in the inter-tidal zone.

During the 2008 construction season, UOCC budgeted \$500,000 for the GPTF near-shore repair work. The preliminary inspection was performed in late March 2008, scheduling for materials, equipment and personnel was completed in mid-April and field implementation was performed and completed by the third week of May 2008. UOCC spent approximately \$162,000 in 2008 for pipeline coating repair and reburial in this inter-tidal zone.

This annual project is budgeted and scheduled to recur during the 2009 construction season, with preliminary inspection occurring in March-April, when the ice is off the beach and the beach is accessible. Planning and field implementation will occur in the April-June timeframe, depending on ice flow conditions, frozen ground, and tide schedule. **See Attachment 10 – CPF 5-2008-7003, 2008 GPP Nearshore Pipeline Maintenance Construction Work Package.** Please note that only the CWP (Construction Work Package) for the GPP is attached. There is a corresponding CWP for the Bruce pipelines because of project funding due to different partner ownership in these two pipeline facilities.

For the reasons, set forth above UOCC requests that Proposed Compliance Order number 2 be withdrawn.

Response to Warning Item 3:

UOCC provides the following explanation related to warning item number 3. The Bruce Pipeline Specific Operations Manual (PSOM) was updated to include start up procedures for the gas pipeline during buyback conditions. **See Attachment 1 - CPF 5-2008-2002, Bruce GP1 Gas Pipeline Start Up Procedure.** The Anna PSOM addresses the flow of gas from the Granite Point Tank Farm via the Bruce to the Anna Platform. **See Attachment 2 - CPF 5-2008-2002, Anna Gas Pipeline – Detailed Description.**

Gas shipment to the Dillon and Baker platforms from EFDF, now known as CIFO (Cook Inlet Field Office), ceased approximately 4 years ago. UOCC sold their interest in the D (gas) line, which runs from CIFO to Dillon Platform, to XTO. XTO now ships gas to the Middle Ground Shoals subsea gas system via a gas line from XTO onshore to XTO A platform where it connects to a subsea manifold for the MGS gas system. XTO regulates the gas pressure to 190-200 psi and has overpressure protection (PSV) located on their onshore facility that protects the MGS system from overpressure. Gas is now supplied from XTO to Baker from the subsea manifold and from XTO C platform to the Dillon platform in the XTO "A" pipeline. Start up procedures for buyback for both the Baker and Dillon pipeline segments have been updated to address these operating parameters. **See Attachment 3 - CPF 5-2008-2002, Baker Gas**

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***Pipeline Start Up Procedure and Attachment 4 - CPF 5-2008-2002, Dillon Gas Pipeline Start Up Procedure.***

Response to Warning Item 4:

UOCC contests warning item number 4, and asks that the warning be withdrawn. UOCC did inspect valve R-SDV-1847 on the Grayling B line in April 2005. According to the attached inspection form, it was operated to ensure it was functioning properly. ***See Attachment 5 - CPF 5-2008-2002, Valve Inspection Report Form 7.01A for R-SDV-1847, dated 4/16/05.***

Response to Proposed Compliance Order Item 5

UOCC is not contesting compliance order 5. UOCC intends to take the steps in the proposed compliance order.

UOCC respectfully submits this letter of explanation to demonstrate our commitment to improving our program. Thank you for your consideration.

Sincerely,

*Lew Dennis acting for Dale Haines*  
*J 10-14-08*

Dale Haines

cc: John Zager