



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

**NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

December 30, 2009

Mr. Tad True
Vice President, True Oil
Belle Fourche Pipeline Company
895 W. River Cross Road
P.O. Drawer 2360
Casper, WY 82602

CPF 5-2009-5042

Dear Mr. True:

On August 24-28, 2008, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected two of your company's pipeline systems, the Belle Fourche Pipeline and Sussex Diesel Pipeline in Casper, 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. **§195.402 Procedural manual for operations, maintenance, and emergencies.**
 - (a) **General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operation and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year,**

and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

BFPL records as well as conversations with BFPL personnel showed that the company had not reviewed or revised its O&M Manual from 2005 to 2008. An operator is required to perform those reviews and make appropriate changes once each calendar year, but at intervals not exceeding 15 months.

2. §195.402 Procedural manual for operation, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

(c) Maintenance and Normal Operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(12) Establishing and maintaining liaison with fire, police, and other appropriate public officials to learn the responsibility and resources of each government organization that may respond to a hazardous liquid or carbon dioxide pipeline emergency and acquaint the officials with the operator's ability in responding to a hazardous liquid or carbon dioxide pipeline emergency and means of communication.

BFPL had not established and maintained liaison with fire, police or other appropriate public officials along its pipeline system in Wyoming. BFPL's Public Awareness Program stated that the company would compile data (names, addresses, phone numbers, etc.) pertaining to local fire, police, and other emergency and public officials that could be involved with a response to a hazardous liquid pipeline emergency involving a BFPL pipeline. However, BFPL had no documentation showing that the company had collected such data or performed the required liaison activities. BFPL was issued a warning for a similar citation in CPF 5-2007-5002.

3. §195.402 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(13) Periodically reviewing the work done by operator to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found.

BFPL had not been periodically reviewing the work completed by its personnel to determine the effectiveness of their Pipeline Operations and Maintenance Manual (O&M Manual). BFPL had a procedure for performing such reviews in Section 3.8 of the "Organization and Responsibilities" section of the BFPL O&M Manual. Nonetheless, the company had no record of those reviews at the time of the inspection. Section 195.404 requires that an operator maintain a record of each inspection and test required by subpart F of Part 195 for at least 2 years or until the next inspection or test is performed, whichever is longer. The absence of any records is a violation of the pipeline safety regulations and BFPL's own procedures. It also indicates that the required inspections did not occur, which is consistent with statements made by the company's operating personnel at the time of the inspection.

4. §195.404 Maps and Records.

(b) Each operator shall maintain for at least 3 years daily operating records that indicate-

(1) The discharge pressure at each pump station;

BFPL did not have a pressure recording device at the Guernsey Pump Station and the company did not maintain any pressure discharge records for that facility. Each operator is required to maintain at least 3 years' worth of records documenting the daily discharge pressures at each pump station.

5. §195.404 Maps and Records.

(c) Each operator shall maintain the following records for the periods specified;

(3) A record of each inspection and test required by this subpart shall be maintained for at least 2 years or until the next inspection or test is performed, whichever is longer.

BFPL's tank data sheets showed that the Sussex breakout tank received an API Standard 653 out-of-service internal inspection in 2001. However, an inspection report was not in BFPL's files or otherwise available for review at the time of the inspection. The operator is required to keep a complete record of inspections per Section 6 of API 653 until the next inspection of its type is performed.

6. §195.406 Maximum operating pressure.

(b) No operator may permit the pressure in a pipeline during surges or other variations from normal operations to exceed 110 percent of the operating pressure limit established under paragraph (a) of this section. Each operator must provide adequate controls and protective equipment to control the pressure within this limit.

BFPL had no safety device(s) installed at the Guernsey Pump Station to prevent overpressuring of the pumping equipment and piping installed at that facility or of the pipeline located downstream from that station. Each pipeline operator must provide adequate controls and protective equipment to control the pressure within the maximum operating pressure (MOP) during normal operations and 110% of MOP during abnormal operations.

7. §195.412 Inspection of rights-of-way and crossings under navigable waters.

(a) Each operator shall, at intervals not exceeding 3 weeks, but at least 26 times each calendar year, inspect the surface conditions on or adjacent to each pipeline right-of-way. Methods of inspection include walking, driving, flying or other appropriate mean of traversing the right-of-way.

BFPL did not inspect its pipeline right-of-way at the appropriate time intervals for the Montana portion of the Bicentennial Line. The evidence shows that the required interval was exceeded between March 24 and April 21, 2008, and between June 4 and July 5, 2008. BFPL had records of over-flights occurring between these dates, but those records indicate that the Montana portion of the Bicentennial line was not over-flown. In addition, the recordkeeping process for right-of-way inspections made it difficult for BFPL to keep track of inspection intervals for the various segments of its pipeline system, thereby increasing the probability that a right-of-way inspection could be missed. An operator is required to patrol all of their pipelines at an interval not exceeding 3 weeks but at least 26 times per year and to maintain a record of those patrols.

8. §195.420 Valve maintenance.

(b) Each operator shall, at intervals not exceeding 7 1/2 months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

BFPL failed to inspect numerous mainline valves at the required frequency from 2006 to 2007. BFPL records confirm the following 25 mainline valves were not inspected twice during the 2006 calendar year:

Area	Valve Designation	Area	Valve Designation
Shilight/Kaye	010-011	Donkey Creek	010-002
Shilight/Kaye	015-005	Donkey Creek	010-003
Shilight/Kaye	015-004	Donkey Creek	010-001
Shilight/Kaye	015-005	Donkey Creek	010-101
Shilight/Kaye	015-002	Sussex Products	069-0001
Shilight/Kaye	Poison Draw 6" Tie In	Sussex Products	069-0006 (6")
Shilight/Kaye	Poison Draw Line 8"	Sussex Products	069-0006 (4")
Shilight/Kaye	010-0056	Sussex Products	069-0007 (6")

Shilight/Kaye	101-006	Sussex Products	069-0007 (4")
Shilight/Kaye	015-001	Sussex Products	069-0008
Shilight/Kaye	015-011		
Shilight/Kaye	015-012		
Shilight/Kaye	101-008		
Shilight/Kaye	101-009		
Shilight/Kaye	010-010		

In addition, BFPL records show that inspections for the following 22 mainline valves exceeded the 7 ½ month maximum inspection interval:

Valve Designation	Period	Days in excess of 7 ½ months
010-001	June 1, 2006 to January 14, 2007	2
010-101	June 1, 2006 to January 14, 2007	2
015-002	June 7, 2006 to January 25, 2007	7
6" Tie In	June 7, 2006 to January 25, 2007	7
8" Poison Draw Line	June 7, 2006 to January 25, 2007	7
010-005	June 7, 2006 to January 25, 2007	7
010-006	June 7, 2006 to January 25, 2007	7
015-001	June 8, 2006 to January 25, 2007	6
010-008	May 23, 2006 to January 22, 2007	19
010-009	May 23, 2006 to January 22, 2007	19
010-010	May 23, 2006 to January 22, 2007	19
069-0001	April 20, 2006 to January 11, 2007	41
069-0003	October 8, 2006 to July 13, 2007	53
Incoming Trap	October 8, 2006 to July 13, 2007	53
069-0004	March 2, 2006 to December 17, 2006	65
Outgoing Launcher	March 2, 2006 to December 17, 2006	65
069-0005	March 2, 2006 to December 17, 2006	65

069-0007	April 10, 2006 to January 9, 2007	49
Iberline Incoming Trap	April 10, 2006 to January 9, 2007	49
069-0007	April 10, 2006 to January 9, 2007	49
Iberline Outgoing Launcher	April 10, 2006 to January 9, 2007	49
069-0008	April 10, 2006 to January 4, 2007	44

Each operator must inspect each mainline valve at least twice each calendar year at intervals not exceeding 7 ½ months and maintain records of such inspections for at least 2 years.

9. §195.428 Overpressure safety devices and overfill protection systems.

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7 ½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

BFPL records established that a number of its pressure limiting devices were not inspected and tested at the required frequency between the years 2006 to 2008. An operator is required to inspect and test each item of pressure control equipment once each calendar year not to exceed 15 months.

- Donkey Creek and Hwy 450 stations pressure controls were not tested and inspected in the 2007 calendar year. Additionally, BFPL exceeded the 15-month interval for testing and inspecting pressure controls at these stations by 68 and 98 days, respectively.
- Seiler station pressure controls exceeded the 15-month interval for testing and inspecting in the 2007 calendar year by 120 days.
- At the time of this inspection, BFPL had not yet tested and inspected Sussex pump station and Guernsey terminal for the 2008 calendar year, resulting in BFPL exceeding the 15-month interval by a minimum of 145 and 105 days, respectively.

10. §195.428 Overpressure safety devices and overfill protection systems

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7 ½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

(d) After October 2, 2000, the requirements of paragraphs (a) and (b) of this section for inspection and testing of pressure control equipment apply to the inspection and testing of overfill protection systems.

Conversations with BFPL personnel confirmed that the high-level alarms on the following three breakout tanks associated with the Sussex Diesel Line had never been tested at the prescribed intervals

- Sussex Pump Station Breakout Tank
- Davis Station (Tank 74) Breakout Tank
- Hawk Point Terminal Breakout Tank

Each operator must inspect and test overfill protection system on each breakout tank at least once each calendar year at intervals not to exceed 15 months, and maintain records of those inspections and tests for at least two years.

11. §195.432 Inspection of in-service breakout tanks.

(a) Except for breakout tanks inspected under paragraphs (b) and (c) of this section, each operator shall, at intervals not exceeding 15 months, but at least each calendar year, inspect each in-service breakout tank.

(b) Each operator shall inspect the physical integrity of in-service atmospheric and low pressure steel aboveground breakout tanks according to section 4 of API Standard 653. However, if structural conditions prevent access to the tank bottom, the bottom integrity may be assessed according to a plan included in the operations and maintenance manual under §195.402(c)(3).

BFPL's tank data sheets verified that BFPL had never performed an External Tank Inspection on the Sussex Breakout Tank. Because it appears this tank received an internal inspection in 2001 this tank should have received an external inspection no later than 2006, as well as the 5-year interval prescribed in API 653 Section 6.3.2.

12. §195.436 Security of facilities.

Each operator shall provide protection for each pumping station and breakout tank area and other exposed facility (such as scraper traps) from vandalism and unauthorized entry.

BFPL had no security fencing installed around the Donkey Creek Pump Station. Also 4.5 to 5 foot high security fencing around the Sussex Pump Station and Sussex Breakout Tank was only made of 4 foot high 6 inch grid woven steel wire with 2 strands of barbed wire above it. This type of fence will keep livestock out of the facility but it is not adequate to prevent vandalism and unauthorized entry to the facility.

13. §195.577 What must I do to alleviate interference currents?

(a) For pipelines exposed to stray currents, you must have a program to identify, test for, and minimize the detrimental effects of such currents.

BFPL's cathodic protection monitoring records for the 12" Donkey Creek Pipeline in the area in and around Guernsey station and Ft Laramie station for the 2006 calendar year showed several test stations with high off levels. High off levels indicate that cathodic

protection interference currents may be adversely affecting a pipeline. Nonetheless, at the time of the inspection, BFPL had not taken the appropriate steps to perform an interference study to determine if there were interference currents on their pipeline or to mitigate any of the interference currents that might exist. The Pipeline Safety Regulations require an operator to identify, test for, and minimize the detrimental effects of stray currents.

14. §195.579 What must I do to mitigate internal corrosion?

(a) General. If you transport any hazardous liquid or carbon dioxide that would corrode the pipeline, you must investigate the corrosive effect of the hazardous liquid or carbon dioxide on the pipeline and take adequate steps to mitigate internal corrosion.

Since 2006, BFPL has experienced at least three leaks due to internal corrosion, a condition that may be the result of the corrosive effects of the crude oil that is being shipped through its pipeline system. The Pipeline Safety Regulations require an operator who transports a hazardous liquid that could corrode a pipe to investigate and take adequate steps to mitigate that condition. Nonetheless, at the time of the inspection, BFPL had not conducted such an investigation or taken any steps to mitigate that condition.

Proposed Civil Penalty

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. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violations and has recommended that you be preliminarily assessed a civil penalty of \$221,200 as follows:

<u>Item Number</u>	<u>PENALTY</u>
1	\$37,100
5	\$17,100
8	\$30,800
9	\$62,100
10	\$30,800
11	\$43,300

Warning Items

With respect to items 7 and, 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 promptly correct these item(s). Be advised that failure to do so may result in Belle Fourche Pipeline Company being subject to additional enforcement action.

Proposed Compliance Order

With respect to items 2, 3, 4, 6, 10, 11, 12, 13, and 14 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Belle Fourche Pipeline Company. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. 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). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

In your correspondence on this matter, please refer to **CPF 5-2009-5042** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

for
Chris Hoidal

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

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

cc: PHP-60 Compliance Registry
PHP-500 G. Davis (#120773)

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Belle Fourche Pipeline Company (BFPL) a Compliance Order incorporating the following remedial requirements to ensure the compliance of BFPL with the pipeline safety regulations:

1. In regard to Item Number 2 of the Notice pertaining to the lack of the development of a list of local fire, police, and other emergency and public officials:
BFPL must develop a list of local fire, police, and other emergency and public officials that could potentially respond to an emergency associated with BFPL's hazardous liquid pipelines in Wyoming. BFPL must then conduct periodic liaison activities with these entities to accomplish the following:
 - Learn the responsibilities and resources of each entity.
 - Acquaint each agency with BFPL's ability in responding to a hazardous liquid pipeline emergency.
 - Understand the means of communication that could be used between BFPL and each entity in the event of a pipeline emergency.
2. In regard to Item Number 3 of the Notice pertaining to BFPL not reviewing the work done by its personnel to determine the effectiveness of procedures:
BFPL must review the work done by its employees to determine the effectiveness of their procedure and they must document such reviews.
3. In regard to Item Number 4 of the Notice pertaining to the lack of a pressure recording device at the Guernsey Pump Station:
BFPL must install a pressure recording device at the Guernsey Pump Station to record the discharge pressure of the station. BFPL must then retain the pressure records for a minimum of three years.
4. In regard to Item Number 6 of the Notice pertaining to the lack of a safety device that prevents overpressuring of pumping equipment at the Guernsey Pump Station:
BFPL must install an overpressure protection device at the Guernsey Pump Station that prevents the Maximum Operating Pressure (MOP) of the piping at the station and the pipeline downstream from the station from being exceeded.
5. In regard to Item Number 10 of the Notice pertaining to the lack of inspection and testing of high level alarms on three breakout tanks on the Sussex Diesel Line:
BFPL must inspect and test the high level alarms on the following tanks:
 - Sussex Pump Station Breakout Tank (BOT)
 - Davis Station (Tank 74) BOT
 - Hawk Point Terminal BOT
6. In regard to Item Number 11 of the Notice pertaining to exceeding the maximum interval of 5 years for an API Standard 653 External Inspection of the Sussex diesel BOT:
BFPL must conduct an API Standard 653 External Inspection on their Sussex diesel BOT.

7. In regard to Item Number 12 of the Notice pertaining to the lack of security fencing around the Donkey Creek Pump Station and the inadequate security fencing around the Sussex Pump Station and Sussex BOT:
BFPL must install security fencing around the Donkey Creek Pump Station that is a minimum of six feet high and includes a minimum of 3 strands of barbed wire above the fencing. Appropriate warning signs and operator contact information must be installed on the fencing and all gates must be adequately locked.
In addition, BFPL must replace the security fencing around the Sussex Pump Station and Sussex Breakout Tank with security fencing that is a minimum of six feet high and includes a minimum of 3 strands of barbed wire above the fencing. Appropriate warning signs and operator contact information must be installed on the fencing and all gates must be adequately locked.
8. In regard to Item Number 13 of the Notice pertaining to High "Off" CP levels on the 12" Donkey Creek Pipeline located between Guernsey station and Ft Laramie station:
BFPL must perform an interference study on the Donkey Creek Pipeline between Guernsey station and Ft Laramie station and remediate any stray currents that are found.
9. In regard to Item Number 14 of the Notice pertaining to potentially corrosive crude oil being shipped through the Belle Fourche Pipeline System may be causing internal corrosion of the pipeline system:
BFPL must conduct an investigation to determine if crude oil being shipped through their pipeline system is causing internal corrosion. If the investigation determines that the crude oil is in fact causing internal corrosion, BFPL must take appropriate remedial actions to prevent internal corrosion from continuing to occur in their pipeline system.
10. BFPL must complete the items described above within 60 days of receipt of the Final Order.
11. Belle Fourche Pipeline Company shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Chris Hoidal, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. Costs shall be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.

Response Options for Pipeline Operators in Compliance Proceedings

The requirements of 49 C.F.R. Part 190, Subpart B (§§ 190.201–190.237) govern response to Notices issued by a Regional Director, Pipeline and Hazardous Materials Safety Administration (PHMSA).

Be advised that all material submitted by a respondent in response to an 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).

I. Procedures for Responding to a NOTICE OF PROBABLE VIOLATION:

Within 30 days of receipt of a Notice of Probable Violation, the respondent shall respond to the Regional Director who issued the Notice in the following way:

a. When the Notice contains a proposed CIVIL PENALTY* --

1. If you are not contesting any violations alleged in the Notice, pay the proposed civil penalty and advise the Regional Director of the payment. This authorizes PHMSA to issue an order making findings of violation and upon confirmation that the payment has been received PHMSA will close the case with prejudice to the respondent. Payment terms are outlined below;
2. If you are not contesting any violations alleged in the Notice but wish to submit written explanations, information, or other materials you believe warrant mitigation of the civil penalty, you may submit such materials. This authorizes PHMSA to make findings and to issue a Final Order assessing a penalty amount up to the amount proposed in the Notice. Refer to 49 C.F.R. § 190.225 for assessment considerations, which include the respondent's ability to pay and the effect on the respondent's ability to stay in business, upon which civil penalties are based;
3. If you are contesting one or more of the items in the Notice but are not requesting an oral hearing, submit a written response to the allegations and/or seek elimination or mitigation of the proposed civil penalty; or
4. Request a hearing as described below to contest the allegations and/or proposed assessment of a civil penalty.

b. When the Notice contains a proposed COMPLIANCE ORDER* --

1. If you are not contesting the compliance order, notify the Regional Director that you intend to take the steps in the proposed compliance order;
2. If you are not contesting the compliance order but wish to submit written explanations, information, or other materials you believe warrant modification of the proposed compliance order in whole or in part, or you seek clarification of the terms of the proposed compliance order, you may submit such materials. This authorizes PHMSA to make findings and issue a compliance order;
3. If you are contesting the proposed compliance order but are not requesting an oral hearing, submit written explanations, information, or other materials in answer to the allegations in the Notice and stating your reasons for objecting to the proposed compliance order items in whole or in part; or
4. Request a hearing as described below to contest the allegations and/or proposed compliance order items.

c. When the Notice contains a WARNING ITEM --

No written response is required. The 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.

* Failure of the respondent to respond to the Notice within 30 days of receipt constitutes a waiver of the right to contest the allegations in the Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in the Notice without further notice to the respondent and to issue a Final Order.

II. Procedures for Responding to a NOTICE OF AMENDMENT*--

Within 30 days of receipt of a Notice of Amendment, the respondent shall respond to the Regional Director who issued the Notice in the following way:

- a. If you are not contesting the Notice, notify the Regional Director of your plans to address the inadequacies identified in the Notice;
- b. If you are not contesting the Notice but wish to submit written explanations, information, or other materials you believe warrant modification of the Notice of Amendment in whole or in part, or you seek clarification of the terms of the

Notice of Amendment, you may submit such materials. This authorizes PHMSA to make findings and issue an Order Directing Amendment;

- c. If you are contesting the Notice of Amendment but are not requesting an oral hearing, submit written explanations, information, or other materials in answer to the allegations in the Notice and stating your reasons for objecting to the Notice of Amendment items in whole or in part; or
- d. Request a hearing as described below to contest the allegations in the Notice.

* Failure of the respondent to respond to the Notice within 30 days of receipt constitutes a waiver of the right to contest the allegations in the Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in the Notice without further notice to the respondent and to issue a Final Order.

III. **Procedure for Requesting a Hearing**

A request for a hearing must be in writing and accompanied by a statement of the issues that the respondent intends to raise at the hearing. The issues may relate to the allegations, new information, or to the proposed compliance order or proposed civil penalty amount. Refer to 49 C.F.R. § 190.225 for assessment considerations upon which civil penalties are based. A respondent's failure to specify an issue may result in waiver of the right to raise that issue at the hearing. The respondent's request must also indicate whether or not respondent will be represented by counsel at the hearing. Failure to request a hearing in writing within 30 days of receipt of a Notice waives the right to a hearing. In addition, if the amount of the proposed civil penalty or the proposed corrective action is less than \$10,000, the hearing will be held by telephone, unless the respondent submits a written request for an in-person hearing. Complete hearing procedures can be found at 49 C.F.R. § 190.211.

IV. **Extensions of Time**

An extension of time to prepare an appropriate response to a Notice may be granted, at the agency's discretion, following submittal of a written request to the Regional Director. The request must indicate the amount of time needed and the reasons for the extension. The request must be submitted within 30 days of receipt of the Notice.

V. **Freedom of Information Act**

Any material provided to PHMSA by the respondent, and materials prepared by PHMSA including the Notice and any order issued in this case, may be considered public information and subject to disclosure under the Freedom of Information Act (FOIA). If you believe the information you are providing is security sensitive, privileged, confidential or may cause your company competitive disadvantages, please clearly identify the material and provide justification why the documents, or portions of a document, should not be released under FOIA. If we receive a request for your material, we will notify you if PHMSA, after reviewing the materials and your provided justification, determines that withholding the materials does not meet any exemption

provided under the FOIA. You may appeal the agency's decision to release material under the FOIA at that time. Your appeal will stay the release of those materials until a final decision is made.

VI. **Small Business Regulatory Enforcement Fairness Act Information**

The Small Business and Agricultural Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards were established to receive comments from small businesses about federal agency enforcement actions. The Ombudsman will annually evaluate the enforcement activities and rate each agency's responsiveness to small business. If you wish to comment on the enforcement actions of the Pipeline and Hazardous Materials Safety Administration, call 1-888-REG-FAIR (1-888-734-3247) or go to http://www.sba.gov/ombudsman/dsp_faq.html.

VII. **Payment Instructions**

Civil Penalty Payments of Less Than \$10,000

Payment of a civil penalty of less than \$10,000 proposed or assessed, under Subpart B of Part 190 of the Pipeline Safety Regulations can be made by certified check, money order or wire transfer. Payment by certified check or money order (containing the CPF Number for this case) should be made payable to the "Department of Transportation" and should be sent to:

Federal Aviation Administration
Mike Monroney Aeronautical Center
Financial Operations Division (AMZ-341) P.O. Box 269039
Oklahoma City, OK 73125-4915

Wire transfer payments of less than \$10,000 may be made through the Federal Reserve Communications System (Fedwire) to the account of the U.S. Treasury. Detailed instructions are provided below. Questions concerning wire transfer should be directed to the Financial Operations Division at (405) 954-8893, or at the above address.

Civil Penalty Payments of \$10,000 or more

Payment of a civil penalty of \$10,000 or more proposed or assessed under Subpart B of Part 190 of the Pipeline Safety Regulations must be made wire transfer (49 C.F.R. § 89.21 (b)(3)), through the Federal Reserve Communications System (Fedwire) to the account of the U.S. Treasury. Detailed instructions are provided below. Questions concerning wire transfers should be directed to the Financial Operations Division at (405) 954-8893, or at the above address.

INSTRUCTIONS FOR ELECTRONIC FUND TRANSFERS

(1) <u>RECEIVER ABA NO.</u> 021030004	(2) <u>TYPE/SUB-TYPE</u> (Provided by sending bank)
(3) <u>SENDING BANK ABA NO.</u> (Provided by sending bank)	(4) <u>SENDING BANK REF NO.</u> (Provided by sending bank)
(5) <u>AMOUNT</u>	(6) <u>SENDING BANK NAME</u> (Provided by sending bank)
(7) <u>RECEIVER NAME</u> TREAS NYC	(8) <u>PRODUCT CODE</u> (Normally CTR, or as provided by sending bank)
(9) <u>BENEFICIAL (BNF) = AGENCY LOCATION CODE</u> BNF = /ALC-69-14-0001	(10) <u>REASONS FOR PAYMENT</u> Example: PHMSA - CPF # / Ticket Number/Pipeline Assessment number

INSTRUCTIONS: You, as sender of the wire transfer, must provide the sending bank with the information for blocks (1), (5), (7), (9), and (10). The information provided in Blocks (1), (7), and (9) are constant and remain the same for all wire transfers to the Pipeline and Hazardous Materials Safety Administration, Department of Transportation.

Block #1 - RECEIVER ABA NO. - "021030004". Ensure the sending bank enters this 9-digit identification number; it represents the routing symbol for the U.S. Treasury at the Federal Reserve Bank in New York.

Block #5 - AMOUNT - You as the sender provide the amount of the transfer. Please be sure the transfer amount is punctuated with commas and a decimal point. **EXAMPLE: \$10,000.00**

Block #7 - RECEIVER NAME - "TREAS NYC". Ensure the sending bank enters this abbreviation. It must be used for all wire transfers to the Treasury Department.

Block #9 - BENEFICIAL - AGENCY LOCATION CODE - "BNF=/ALC-69-14-0001". Ensure the sending bank enters this information. This is the Agency Location Code for the Pipeline and Hazardous Materials Safety Administration, Department of Transportation.

Block #10 - REASON FOR PAYMENT - "AC-payment for PHMSA Case # / To ensure your wire transfer is credited properly, enter the case number/ticket number or Pipeline Assessment number, and country."

NOTE: A wire transfer must comply with the format and instructions or the Department cannot accept the wire transfer. You as the sender can assist this process by notifying the Financial Operations Division (405) 954-8893 at the time you send the wire transfer.

February 2009