

JUN 13 2011

Mr. Brent Backes
Group Vice President, General Counsel
DCP Midstream
370 17th Street, Suite 2500
Denver, CO 80202

Re: CPF No. 2-2011-2002

Dear Mr. Backes:

Enclosed please find the Final Order issued in the above-referenced case. It makes a finding of violation and assesses a civil penalty of \$8,000. This is to acknowledge receipt of payment of the full penalty amount, by wire transfer, dated April 1, 2011. This enforcement action is now closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Alan Mayberry, Deputy Associate Administrator for Field Operations, Pipeline Safety
Mr. Wayne T. Lemoi, Director, Southern Region, PHMSA
Ms. Alison E. Barry, Assistant General Counsel, DCP Midstream
Mr. Mark Falkenhagen, Area Supervisor, Spectra Energy Transmission

CERTIFIED MAIL - RETURN RECEIPT REQUESTED [7005 1160 0001 0075 9480]

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

_____)	
In the Matter of)	
)	
DCP Midstream,)	CPF No. 2-2011-2002
)	
Respondent.)	
_____)	

FINAL ORDER

On October 18-21, 2010, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of DCP Midstream (DCP or Respondent) Dauphin Island offshore pipeline in the Gulf of Mexico and Coden, AL. The offshore pipelines consist of the Deepwater and Shallow water systems. DCP Midstream operates in 18 states and gathers raw natural gas through 60,000 miles of gathering pipe and processes it through 60 owned or operated plants.¹

As a result of the inspection, the Director, Southern Region, OPS (Director), issued to Respondent, by letter dated March 4, 2011, a Notice of Probable Violation and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had violated 49 C.F.R. §192.491(c) and proposed assessing a civil penalty of \$8,000 for the alleged violation.

DCP responded to the Notice by letter dated March 31, 2011 (Response). The company did not contest the allegations of violation and expressed its intention to pay the proposed civil penalty of \$8,000, as provided in 49 C.F.R. § 190.227. Payment of the penalty by wire transfer, dated April 1, 2011, serves to close the case with prejudice to Respondent.

FINDING OF VIOLATION

In its Response, DCP did not contest the allegation in the Notice that it violated 49 C.F.R. Part 192, as follows:

¹ DCP Midstream is a 50-50 joint venture between Spectra Energy and ConocoPhillips. <http://www.spectraenergy.com/Operations/DCP-Midstream> (last visited 5/31/2011).

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 192.491(c), which states in relevant part:

§ 192.491 Corrosion control records.

(a)

(c) Each operator shall maintain a record of each test, survey, or inspection required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist. These records must be retained for at least 5 years, except that records related to §§192.465(a) and (e) and 192.475(b) must be retained for as long as the pipeline remains in service.

The Notice alleged that Respondent violated 49 C.F.R. § 192.491(c) by failing to maintain internal corrosion coupon monitoring records in sufficient detail to demonstrate the adequacy of this internal corrosion control measures. The Notice also alleged that DCP failed to provide records justifying an approximate 6-month time gap during which no coupons were monitored. As a result of the ten unexplained 6-month time gaps, as detailed in the Notice, the Company was unable to confirm that it had monitored each coupon two times per calendar year, in accordance with § 192.477.²

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.491(c) by failing to maintain internal corrosion coupon monitoring records in sufficient detail to demonstrate the adequacy of this internal corrosion control measures.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative 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 a civil penalty, I consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; the Respondent's ability to pay the penalty and any effect that the penalty may have on its ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require.

² 49 C.F.R. §192.477 requires that if corrosive gas is being transported, coupons or other suitable means must be used to determine the effectiveness of the steps taken to minimize internal corrosion. Each coupon or other means of monitoring internal corrosion must be checked two times each calendar year, but with intervals not exceeding 7 ½ months.

Having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$8,000, already paid by Respondent.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued