

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

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

March 4, 2011

Mr. Brent Backes  
Group Vice President, General Council  
DCP Midstream  
370 17<sup>th</sup> Street, Suite 2500  
Denver, Colorado 80202

**CPF 2-2011-2002**

Dear Mr. Backes:

On October 18-21, 2010, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) inspected the DCP Midstream (DCP) records and procedures in Coden, Alabama, and offshore pipeline facilities in the Gulf of Mexico pursuant to Chapter 601 of 49 United States Code.

As a result of the inspection, it appears that DCP has committed a probable violation of the Pipeline Safety Regulations in Title 49 of the Code of Federal Regulations. The item inspected and the probable violation is:

**1. §192.491 Corrosion control records.**

**....(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.**

DCP Midstream failed to maintain internal corrosion coupon monitoring records in sufficient detail to demonstrate the adequacy of this internal corrosion control measure. At each of the coupon locations listed below (extracted from *Spectra Energy<sup>1</sup>Coupon*

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<sup>1</sup> Spectra Energy Transmission operates and maintains the DCP Midstream offshore pipeline system.

*Inspection Report V*) the operator failed to provide records justifying an approximate 6-month time gap during which no coupons were monitored. The ten unexplained 6-month time gaps resulted in the operator not being able to confirm that it had monitored each coupon two times per calendar year as required by §192.477.

- Platform VK 826: Coupon G2197 removed on 4/21/2007; new coupon G2551 installed on 10/14/2007
- Platform MP 223: Coupon G2197 removed on 4/21/2007; new coupon G2539 installed on 10/13/2007
- Platform MO 821: Coupon D0609 removed on 6/13/2008; new coupon D7622 installed on 10/4/2008
- Platform VK 124: Coupon G0968 removed on 12/05/2006; new coupon G2542 installed on 6/24/2007
- Platform MP 256: Coupon G2193 removed on 4/23/2007; new coupon G2540 installed on 10/14/2007
- Platform VK 385: Coupon G5685 removed on 12/5/2006; new coupon C7194 installed on 6/22/2007
- Platform VK 823: Coupon G3076 removed on 5/8/2007; new coupon M1006 installed on 11/27/2007
- Platform MP 225: Coupon G2194 removed on 4/20/2007; new coupon G6463 installed on 10/13/2007
- Coden Yard Line 71: Coupon B5014 removed on 12/31/2006; new coupon A1818 installed on 6/30/2007
- Coden Yard Line 71: Coupon A1818 removed on 12/5/2007; new coupon A2035 installed on 6/18/2008

At the inspection out brief, the operator provided the PHMSA inspector a copy of its *Petroleum Laboratories, Inc. Coupon Analysis* report as confirmation the coupons had been monitored within the 6-month time gaps. This report, however, provided no additional evidence or any other confirmation whatsoever that the operator had monitored the coupons during the 6-month time gaps, or that DCP had inspected each coupon at these locations two times per calendar year.

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 violation and has recommended that you be preliminarily assessed a civil penalty of \$8,000 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$8,000

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 2-2011-2002** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Wayne T. Lemoi  
Director, Office of Pipeline Safety  
PHMSA Southern Region

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*