



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety Administration**

901 Locust Street, Suite 480
Kansas City, MO 64106

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

VIA ELECTRONIC MAIL TO: gerald.maret@bp.com and timothy.smith@bp.com

January 29, 2021

Mr. Gerald Maret, President
Olympic Pipeline Company
30 S Wacker Drive,
Chicago, IL 60606

CPF 3-2021-006-NOPV

Dear Mr. Maret:

On August 3-6, August 10-12, August 17, August 19, and October 12-16, 2020, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected your Olympic Washington and Oregon units records (virtually) and field assets (Washington units only).

As a result of the inspection, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

1. **§ 195.452 Pipeline integrity management in high consequence areas.**
 - (a)
 - (h) *What actions must an operator take to address integrity issues?*
 - (1)
 - (4) *Special requirements for scheduling remediation-*
 - (i)
 - (iii) **180-day conditions.** Except for conditions listed in paragraph (h)(4)(i) or (ii) of this section, an operator must schedule evaluation and remediation of the following within 180 days of discovery of the condition:
 - (A)
 - (B) **A dent located on the top of the pipeline (above 4 and 8 o'clock position) with a depth greater than 2% of the pipeline's diameter (0.250 inches in depth for a pipeline diameter less than NPS12).**

Olympic Pipeline Company (Olympic) failed to repair a dent located on the top of a pipeline with a depth greater than 2% of the pipeline's diameter within 180 days of discovery of a condition. Specifically, Olympic failed to repair a 2.25 % dent located in 1:27 o'clock position during a March 2, 2017 dig on the 14-inch diameter Portland Delivery Fuel W2 line at site W2F-2016-003, which is located in a High Consequence Area (HCA). The cement block from construction that caused the dent was removed and BP's visual observation and records showed that there was no coating damage and no metal loss or gouges associated with the dent. Recoating of the pipeline at the location of the dent after NDE was the only repair that was performed. Olympic failed to remediate the 2.25 % dent within 180 days of discovery of the condition because the repair performed did not meet the ASME B 31.4 repair criteria (6 % dent), which is what Olympic's own repair procedure, P 195.422, requires. Therefore, Olympic Pipeline failed to repair a 180-day condition as required by § 195.452(h)(4)(iii).

2. **§ 195.571 What criteria must I use to determine the adequacy of cathodic protection?**

Cathodic protection required by this subpart must comply with one or more of the applicable criteria and other considerations for cathodic protection contained paragraphs 6.2.2, 6.2.3, 6.2.4, 6.2.5 and 6.3 in NACE SP 0169 (incorporated by reference, see § 195.3).

Olympic did not comply with sections 6.2 and 6.3 of NACE SP 0169 for determining the adequacy of their cathodic protection (CP) by not considering all IR drop in the 2017-2019 annual CP surveys. Specifically, Olympic performed an "off survey" to determine the adequacy of its CP system. During an "off survey", the CP current is briefly interrupted (milliseconds) which eliminates IR drop (voltage drop). Absent specific data to demonstrate the adequacy of a CP system, operators of steel and cast iron pipelines shall comply with the requirements of NACE SP 0169, section 6.2.2.1.1, which requires

consideration of voltage drops other than those across the structure-to-electrolyte boundary for valid interpretation of this voltage measurement. Olympic did not interrupt foreign rectifiers when conducting instant off survey, as required.

Olympic personnel stated during the inspection interview and in a data response that it was possible that not all foreign rectifiers affecting the tank farm were interrupted which means that the potentials being read are not polarized potentials. An operator must comply with applicable criteria and other considerations within NACE SP 0169 paragraphs 6.2 and 6.3 to determine the adequacy of cathodic protection.

Proposed Compliance Order

With respect to items 1 and 2 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Olympic 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 Enforcement Proceedings*. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be 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).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 190.211. 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. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 3-2021-006-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Gregory A. Ochs
Director, Central Region, OPS
Pipeline and Hazardous Materials Safety Administration

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

CC: Mr. Timothy Smith, Manager, DOT Compliance, 30 S. Wacker Drive,
Chicago, IL 60606 (timothy.smith@bp.com)

PROPOSED COMPLIANCE ORDER

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

- A. In regard to Item 1 of the Notice pertaining to failure to repair a 2.25 % dent located in 1:27 o'clock position during the March 2, 2017 dig on the 14-inch diameter Portland Delivery Fuel W2 line at site W2F-2016-003 located in an HCA, Olympic Pipeline Company must repair the dent with an allowable repair method within 180 days of receipt of the Final Order.
- B. In regard to Item 2 of the Notice pertaining to failure to determine the adequacy of their cathodic protection (CP) by not considering all IR drop, Olympic Pipeline must interrupt all foreign rectifiers affecting the tank farm to determine if their cathodic protection is adequate within 180 days of receipt of the Final Order.
- C. In regards to A and B of the Compliance Order, Olympic Pipeline must provide documentation of the action taken within 60 days after completion to Gregory Ochs, Director, Central Region, Pipeline and Hazardous Materials Safety Administration.
- D. It is requested (not mandated) that Olympic Pipeline Company maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Gregory A. Ochs, Director, Central Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs 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.