



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

8701 South Gessner, Suite 1110
Houston, TX 77074

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 13, 2007

Mr. Jim La Manna
V. P. Operations
BP Pipeline North America, Inc.
Mail Code 7018
28100 Torch Parkway
Warrenville, IL 60555

CPF 4-2007-5003

Dear Mr. La Manna:

During the months of August, 2004, July, August, September, October, November and December, 2005 a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, conducted pipeline safety inspections of BP Pipeline North America, Inc. (BP) facilities and records pertaining to the Seaway Products System, in Texas and Oklahoma; West System, New Mexico/Texas; and Texas/Oklahoma; East System, Oklahoma; and the Cushing Tank Farm.

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. **§195.410 Line markers**
 - (a) **Except as provided in paragraph (b) of this section, each operator shall place and maintain line markers over each buried pipeline in accordance with the following:**
 - (1) **Markers must be located at each public road crossing, at each railroad**

crossing, and in sufficient number along the remainder of each buried line so that its location is accurately known.

(c) Each operator shall provide line marking at locations where the line is above ground in areas that are accessible to the public.

BP does not have sufficient markers to accurately show where their pipelines are located. When crossing cultivated agricultural fields, often the markers on the far side of the field could not be seen. From valve sites, looking in both directions, the next marker for the pipeline could not be seen. The lack of pipeline marking is a common problem with several of the BP pipelines that were inspected. The pipelines were marked at road crossings.

2. §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.

BP has a number of pump station, junction and scraper trap facilities that do not have adequate protection against unauthorized entry or vandalism. Barbed wire fences are not adequate. The Monroe pump station and break out tanks had cyclone fencing with barbed wire around the top around the pump station, and 3 strands of barbed wire around the break out tank area. Vandals got into the tank area, climbed up a tank and walked around the wind girders on one of the tanks spraying graffiti. The vandals then climbed down onto the floating roof, painted graffiti, and smoked on the floating roof. The Artesia pump station has a 4 foot high hog and barbed wire fence facing the county road, and barbed wire around the remainder of the facility. The Fullerton pump station/ break out tank area have no fencing at all. The gravel county road actually cuts through the pump station. Remote location is also not adequate to meet the requirements of this regulation.

3. §195.573 What must I do to monitor external corrosion control?

(a) Protected pipelines. You must do the following to determine whether cathodic protection required by this subpart complies with Sec. 195.571:

1. Conduct tests on the protected pipeline at least once each calendar year, but with intervals not exceeding 15 months. However, if tests at those intervals are impractical for separately protected short sections of bare or ineffectively coated pipelines, testing may be done at least once every 3 calendar years, but with intervals not exceeding 39 months.

(d) Breakout tanks. You must inspect each cathodic protection system used to control corrosion on the bottom of an aboveground breakout tank to ensure that operation and maintenance of the system are in accordance with API Recommended Practice 651. However, this inspection is not required if you note in the corrosion control procedures established under Sec. 195.402(c)(3) why compliance with all or certain operation and maintenance provisions of API Recommended Practice 651 is not necessary for the safety of the tank.

BP is just beginning to implement surveys that consider IR drop. This requirement has been in place since regulations were changed in 2001. A number of locations had instant off potentials, measured during the PHMSA inspections that were less negative

than the -850 mV criteria. Operator records indicate that the tank bottoms are also not being surveyed to account for IR drop during annual CP surveys.

4. §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.

BP has not done adequate investigations to determine whether there is internal corrosion or the potential for internal corrosion. BP has performed little monitoring, and has not done inspections to investigate whether there could be internal corrosion in facilities and non-piggable piping. The investigation of internal corrosion appears to be based upon a few internal coupons, which are improperly located on pipelines, and no other evidence could be produced.

5. §195.420 Valve maintenance

(c) Each operator shall provide protection for each valve from unauthorized operation and from vandalism.

A number of the BP Pipeline valves do not have protection from vandalism at the sites. The valves were chained and locked to prevent unauthorized use, but these locations did not provide any deterrence against vandalism. Local personnel did provide additional information regarding this issue.

During the inspections it was noted that BP' preferred method of complying with 195.420c is to install locked chain link fencing around the valves. This was evident in the six BP units that were inspected, where most of above ground valves were located in locked fences.

Some of the remaining valves in those units were located above ground with no fences. Some of the valves were inside a pipe post and beam enclosure, which may be sufficient to keep cattle from rubbing on the valves, but do not address prevention of vandalism. The number of above ground valves that were observed without fences by the inspector on the six Texas and New Mexico units exceeded seven, and the lack of fencing was pointed out to BP personnel at the time of the inspections.

It should be pointed out that all of the unfenced valves were chain locked and some had steel barricade posts installed. A review of your procedures by our inspectors did not reveal any alternative method of security for valve sites acceptable to you. BP should review their program, procedures, and facilities to ensure they are compliant with this regulation.

6. §195.432 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 once 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).

(c) Each operator shall inspect the physical integrity of in-service steel aboveground breakout tanks built to API Standard 2510 according to section 6 of API 510.

(d) The intervals of inspection specified by documents referenced in paragraphs (b) and (c) of this section begin on May 3, 1999, or on the operator's last recorded date of the inspection, whichever is earlier.

During the PHMSA inspections of BP breakout tanks at pump stations and the Cushing tank farm, a number of breakout tanks were noted for items not in compliance with the requirements of API 653.

The records indicate that the tanks have been inspected, and the items not in compliance with API 653 should have been noted and corrected after the inspections.

The records for the internal inspections and in some cases external inspections make it impossible to determine whether issues documented during the inspections have been addressed. Record keeping must include the records for the items identified during the inspections, and their resolution, or reasons for not being resolved.

7. §195.581 Which pipelines must I protect against atmospheric corrosion and what coating material may I use?

(a) You must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.

Several of the breakout tank roofs, above ground valves, piping in opened vaults and exposed pipeline areas had coating that was failing or had failed, and was leaving the pipe or tank top susceptible to external corrosion. If left as is, corrosion could continue to the extent that the integrity of the pipeline or tanks would be compromised. Coating should be replaced before serious corrosion occurs.

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 violations 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(s) and has recommended that you be preliminarily assessed a civil penalty of \$168,000 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$ 26,000
2	\$ 33,000
3	\$ 43,000

4	\$ 36,000
6	\$ 30,000

With respect to items 5, and 7, 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 BP being subject to additional enforcement action.

With respect to items 1 through 4, and 6, pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to BP Products Operating, L.P. Please refer to the *Proposed Compliance Order* which is enclosed and made a part of 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. 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 4-2007-5003** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous
Materials Safety Administration

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

PROPOSED COMPLIANCE ORDER

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

1. In regard to Item #1 of the Notice, BP must perform an inspection of pipeline ROW's throughout BP's pipeline system. The inspection is to evaluate the line markers currently posted along the rights-of-way, as well as identify those areas where additional markers are needed. If there are areas, such as cultivated fields, where it is impractical to place markers, or because the markers are removed or plowed under by the farmer, an alternative method of ensuring the safety of the public and the pipeline should be developed. In areas where there are insufficient markers, develop a plan and time table to place markers to ensure BP is in compliance with §195.410(a)(1).
2. Item #2 of the Notice indicates a lack of security at some BP facilities. BP shall perform a survey of their pipeline facilities, identifying any facilities that do not meet the requirements of §195.436. For BP facilities that do not meet the regulatory requirements of being protected from unauthorized entry, and vandalism, BP shall develop a plan and time table to secure the facilities, and ensure that they are in compliance with §195.436.
3. In regard to Item #3 of the Notice pertaining to BP's pipeline systems, review BP's CP data collection and evaluation to ensure that data meets the regulatory requirements, and that the pipelines are protected. In areas where the pipelines are not adequately protected, develop a plan and time table to improve the CP systems to bring BP into compliance.
4. In regard to Item #4 of the Notice pertaining to BP's pipeline systems, perform an assessment of pipelines and all facilities to determine if there are areas that would be susceptible to internal corrosion. Perform inspections, install monitoring, and if active corrosion is determined, implement mitigation methods.
5. Regarding Item #6 of the Notice, BP must perform a review to ensure that all of BP's breakout tanks are in compliance with §195.432. Items found not in compliance with §195.432 and API-653 requirements shall be corrected, and a program to follow through on future inspection issues implemented.

The data and results generated during API-653 internal and external inspections shall be presented, along with a report showing resolution of any issues discovered during the inspection, and explanation of any issues that were not resolved.

6. BP shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to R. M. Seeley, Director, Southwest 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.

7. Submit to the Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration, 8701 South Gessner, Suite 1110, Houston, Texas 77074.
 1. Results of surveys and plans, with time tables, must be submitted within 30 days following the receipt of the Final Order.
 2. All items shall be completed within 365 days following the receipt of the Final Order.