NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 17, 2008

Mr. Greg Martin
Vice President, Operations
Bois d’Arc Energy
600 Travis, Suite 5200
Houston, TX 77002

CPF 4-2008-5023M

Dear Mr. Martin:

On August 18-22, 2008 representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Bois d’Arc Energy procedures for Integrity Management in Houston, TX.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Bois d’Arc Energy (BDA) plans or procedures, as described below:

1. §195.452 (e) What are the risk factors for establishing an assessment schedule (for both the baseline and continual integrity assessments)? ....
   (i)(2) Risk analysis criteria. In identifying the need for additional preventive and mitigative measures, an operator must evaluate the likelihood of a pipeline release occurring and how a release could affect the high consequence area. This determination must consider all relevant risk factors, including, but not limited to:

A comprehensive procedure for risk analysis must be developed for monitoring internal corrosion in the pipeline. This procedure must have the capability to produce results that allow the operator to understand the overall risk to its pipeline system. The relative importance of threats and their associated consequences that make up this risk profile should also be understood to support effective decision-making regarding the overall management of pipeline risk.
2. §195.452 (e) What are the risk factors for establishing an assessment schedule (for both the baseline and continual integrity assessments)? ....

(f) An operator must include, at minimum, each of the following elements in its written integrity management program: (3) An analysis that integrates all available information about the integrity of the entire pipeline and the consequences of a failure (see paragraph (g) of this section);

(g) What is an information analysis? In periodically evaluating the integrity of each pipeline segment (paragraph (j) of this section), an operator must analyze all available information about the integrity of the entire pipeline and the consequences of a failure....

(i)(2) Risk analysis criteria. In identifying the need for additional preventive and mitigative measures, an operator must evaluate the likelihood of a pipeline release occurring and how a release could affect the high consequence area. This determination must consider all relevant risk factors, including, but not limited to: ....

BDA must develop a process to ensure that their risk analysis model will provide consistent collection and integration of data and that a “could affect HCA” pipeline segment is defined such that meaningful results can be obtained. A numerical characterization of risk (likelihood X consequences) for a “could effect” segment based on the probability of failure will not be consistent with a relative risk methodology discussed during the audit.

3. §195.452 (f) An operator must include, at minimum, each of the following elements in its written integrity management program: (3) An analysis that integrates all available information about the integrity of the entire pipeline and the consequences of a failure (see paragraph (g) of this section);

(g) What is an information analysis? In periodically evaluating the integrity of each pipeline segment (paragraph (j) of this section), an operator must analyze all available information about the integrity of the entire pipeline and the consequences of a failure ....

(i)(2) Risk analysis criteria. In identifying the need for additional preventive and mitigative measures, an operator must evaluate the likelihood of a pipeline release occurring and how a release could affect the high consequence area. This determination must consider all relevant risk factors, including, but not limited to:

BDA’s risk analysis results did not adequately identify appropriate risk factors and must substantiate all pipeline threats. BDA must also expedite the integration of this information for providing meaningful results such as in threat/driver reports. As the risk analysis process evolves, BDA’s must ensure that all input parameters are used to appropriately characterize threats to the integrity of the pipeline and include risk factors required by §195.452(e)(1).

4. §195.452 What preventive and mitigative measures must an operator take to protect the high consequence area?

(3) Leak detection. An operator must have a means to detect leaks on its pipeline
system. An operator must evaluate the capability of its leak detection means and modify, as necessary, to protect the high consequence area. An operator's evaluation must, at least, consider the following factors: length and size of the pipeline, type of product carried, the pipeline's proximity to high consequence area, the swiftness of leak detection, location of nearest response personnel, leak history, and risk assessment results.

BDA's leak detection capability process must adequately specify procedures for acquiring data and its evaluation for assisting in the P&M decision basis and implementing P&M measures. Evaluation of all modes of pipeline operations including slack line, static and transient conditions, lists for contacts, calls-outs and details regarding operator actions and reactions must be addressed in more detail and ensure it considers all of the factors in §195.452(i)(3).

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. 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.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

In correspondence concerning this matter, please refer to CPF 4-2008-5023M and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

[Signature]

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

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