

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 30, 2009

Ms. Meg Yeage
President
ConocoPhillips Pipeline Company
600 North Dairy Ashford, TA 2010
Houston, TX 77079

CPF 4-2009-5006

Dear Ms. Yeage:

As part of an investigation of a pipeline accident which occurred on January 8, 2008, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Control Center in Ponca City, OK.

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

1. **§195.402 Procedural manual for operations, maintenance, and emergencies.**
 - (a) **General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.**

(e) Emergencies. The manual required by paragraph (a) of this section must include procedures for the following to provide safety when an emergency condition occurs;

(4) Taking necessary action, such as emergency shutdown or pressure reduction, to minimize the volume of hazardous liquid or carbon dioxide that is released from any section of a pipeline in the event of a failure.

ConocoPhillips Pipeline's (CPPL) Control Room Controller did not follow written procedures in response to potential leak indications, as reported by the WA line's SCADA system. On January 8, 2008, CPPL experienced an accident on its WA line that ultimately resulted in the release of 31,322 barrels of crude oil near Denver City, Texas. The physical cause of the event was a line leak followed by a rupture. The leak and rupture were determined (via metallurgical analysis) as a result of pressure cycle fatigue of the horizontal weld seam originating in a crack feature which propagated to a line failure. A post-accident review of the gain/loss information indicates the seam actually leaked for over 24 hour before it ruptured on January 8, 2008. Data showed line losses of approximately 1500 barrels for the 36 hour period preceding the rupture. The pattern of line losses was consistent with a leak.

CPPL's procedures require controllers to track hourly gains and losses, as well as calculate cumulative gains and losses. SCADA indicated fluctuations showing both short-term gains and losses, but over time the cumulative losses began to rise. The increase in cumulative losses was not recognized by the Control Center as an indication of a leak. This type of loss is a leak "indication" as identified within CPPL's Control Room Operations Manual. The Controller did not adequately follow procedures associated with the gain and loss calculations. Additionally, a Senior Controller discussed the line pressure problems with the Controller, but the Senior Controller did not independently and thoroughly analyze the operation, SCADA data, and Controller's actions to be sure if the Controller had correctly assessed the situation. Had the leak been properly identified, appropriate responsive actions could have been taken in the Control Center to potentially avoid the rupture and lessen the severity of the release.

CPPL's Controller also did not properly diagnose the line pressure loss and rupture on the WA Line. He misinterpreted the pressure loss as a result of the shut down of the Weems Booster Station due to high pump vibration. The Controller did not associate the loss with a rupture situation and attempted to continue to re-pack the line over a five hour period, greatly contributing to the magnitude of the release. Other information (line pressure readings, pump shutdowns, system loss volumes and alarm data) available to the Controller at the time of the incident were all indications of a potential leak.

Based upon these conditions and indicators, the Controller was required to investigate the pressure and flow deviations according to CPPL's Operations Manual for their Ponca City Control Center (specifically AOC-0002). AOC-0002 describes specific "Indications" that the Controller was required to recognize as a potential leak and further prescribes specific "Responses" to perform based upon the indications. The Controller failed to respond to the potential leak indications as reported by the Supervisory Control and Data Acquisition (SCADA) system.

In reviewing the Control Room Procedures and SCADA Records, it is evident that CPPL's Control Room Controller failed to follow written procedures in response to potential leak indications, as reported by the line's SCADA system.

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(s) and has recommended that you be preliminarily assessed a civil penalty of \$200,000 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$200,000

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 4-2009-5006** 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

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