

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 11, 2013

Mr. Steve Pankhurst
President
BP Pipeline (North America) Inc.
150 W. Warrenville Rd.
Naperville, IL 60563

CPF 4-2013-5002

Dear Mr. Pankhurst:

In August 2012, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Offshore Liquid Transmission system in Houma, LA.

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. 195.9 Outer continental shelf pipelines

Operators of transportation pipelines on the Outer Continental Shelf must identify on all their respective pipelines the specific points at which operating responsibility transfers to a producing operator. For those instances in which the transfer points are not identifiable by a durable marking, each operator will have until September 15, 1998 to identify the transfer points. If it is not practicable to durably mark a transfer point and the transfer point is located above water, the operator must

depict the transfer point on a schematic maintained near the transfer point. If a transfer point is located subsea, the operator must identify the transfer point on a schematic which must be maintained at the nearest upstream facility and provided to PHMSA upon request. For those cases in which adjoining operators have not agreed on a transfer point by September 15, 1998 the Regional Director and the MMS Regional Supervisor will make a joint determination of the transfer point.

BP Pipeline failed to properly identify the transfer point where operating responsibility transfers to a producing operator on the schematics of their offshore facilities.

BP Pipeline personnel provided schematics for their Holstein, Mad Dog, Atlantis, Thunder Horse and Thunder Hawk offshore platforms/spars. Whereas the schematics had markings where BP pipeline claimed the transfer point was indicated, across the assets, these drawings were neither consistent nor could be readily interpreted as identifying a transfer point.

2. 195.420 Valve maintenance

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

BP Pipeline failed to prevent the unauthorized operation and vandalism of their valves on the Ship Shoal 332B Platform (SS332B). PHMSA staff observed that there was no security fence preventing access from the boat dock on the platform to the operations deck.

PHMSA staff confirmed that the SS332B platform was owned and manned by Enterprise Products, BP Pipeline only has receiving assets at these locations. Although the platform is owned & operated by Enterprise Products, BP Pipeline is still required to prevent the unauthorized operation and vandalism of their valves. BP Pipeline staff confirmed that Enterprise Products had been notified during a preceding Coast Guard audit that some form of access control needed to be provided.

BP Pipeline staff claimed a key system that prevented valves from being operated out of sequence met the requirements of 195.420(c). PHMSA staff identified several hand valves that could be operated manually, as well as isolation valves that would negate overpressure protection and monitoring.

The observations by PHMSA staff during the audit confirm that BP Pipeline failed to prevent the unauthorized operation and vandalism of their valves at the SS332B facility.

On November 19, 2012, BP personnel provided photographic evidence that the SS332B facility now has an access gate installed by Enterprise Products. No further actions at this facility are required.

Warning Items

With respect to item 2 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 items on other facilities where it may exist. Be advised that failure to do so may result in BP Pipeline being subject to additional enforcement action.

Proposed Compliance Order

With respect to item 1 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to BP Pipeline. 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 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 4-2013-5002** 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 a Compliance Order incorporating the following remedial requirements to ensure the compliance of BP Pipeline with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to failing to properly identify transfer points on a schematic, BP Pipeline must amend their schematics to clearly identify the transfer points. These transfer points must be clear and consistent across all applicable assets.
2. Proposed Compliance Order items 1 above should be completed within 30 days after receipt of the Notice.
3. It is requested (not mandated) that BP Pipeline 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. 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.