



US Department
of Transportation

**Research and
Special Programs
Administration**

400 Seventh Street, S W
Washington D C 20590

DEC 23 2004

Mr. Jesse "Bud" Metcalf
Vice President of Operations & Technical Services
Rocky Mountain Pipeline System
P. O. Box 6209
Santa Maria, CA 93456

RE: CPF No. 5-2003-5015

Dear Mr. Metcalf:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It withdraws the allegation of violation. This enforcement action is closed. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

James Reynolds
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosure

cc: Mr. Tom McCormick, Manager of HS & E, Rocky Mountain Pipeline System
Mr. Colin G. Harris, Counsel for Rocky Mountain Pipeline System
Mr. Chris Hoidal, Director Western Region

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**DEPARTMENT OF TRANSPORTATION
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, DC 20590**

In the Matter of)

ROCKY MOUNTAIN PIPELINE SYSTEM,)

Respondent.)

CPF No. 5-2003-5015

FINAL ORDER

During April 24, 2003 and May 7, 2003, pursuant to 49 U.S.C. § 60117, a representative of the Office of Pipeline Safety (OPS) conducted an investigation of a March 21, 2003 leak that occurred on the Ft. Laramie to Palmer Junction segment of Respondent's 8-inch pipeline near Douglas, WY. As a result of the inspection, the Director, Western Region, OPS, issued to Respondent, by letter dated June 4, 2003, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had violated 49 C.F.R. § 195.401 and proposed that Respondent take certain measures to correct the alleged violations.

In a letter dated July 3, 2003, Respondent requested and was granted a forty-five day extension of time to respond to the Notice, as Respondent was awaiting a preliminary report on an internal inspection conducted prior to issuance of the Notice. Respondent responded to the Notice by letter dated August 20, 2003 (Response). Respondent contested the allegations of violation, submitted information concerning the corrective actions it has taken, offered information in explanation of the allegations, and requested a hearing. The hearing was held on March 25, 2004 in Lakewood, CO. On April 26, 2004, Respondent submitted a post hearing brief with additional evidence.

FINDINGS OF VIOLATION

The Notice alleged that Respondent violated 49 C.F.R. § 192.401(b) by failing to correct within a reasonable amount of time a condition that could adversely affect the safe operation of the pipeline system. In August 2000, at mile post (MP) 16.45, the bare, unprotected portion of the Ft. Laramie to Palmer Junction pipeline segment experienced a corrosion related product release. At the time of the release the pipeline was owned and operated by BP Amoco. In March 2002, Respondent purchased the pipeline from BP Amoco. Another leak, also attributed to corrosion, occurred on July 5, 2002, at MP 28.51 on the Ft. Laramie to Palmer Junction segment of Respondent's 8-inch pipeline. On March 21, 2003, a third leak occurred at MP 16.469 on the Ft. Laramie to Palmer Junction segment.

The Notice alleged that Respondent did not take the appropriate steps to correct the aggressive corrosion conditions that led to the first release within a reasonable amount of time. The Notice alleged that active ongoing corrosion was demonstrated by the leak history and numerous corrosion repairs following reevaluation of previous in-line electronic inspection (ILI) data. Failure to address the corrosion problem resulted in the same segment of pipeline experiencing three releases in a thirty-nine month period.

In its Response and during and after the hearing, Respondent contested the alleged violation. Respondent advised that it did not own the pipeline at the time of the August 2000 leak and that it purchased the pipeline in March 2002 from BP Pipelines (North America) Inc., and that under a Transition Agreement, BP continued to operate several aspects of the pipeline.

Respondent stated that it conducted a thorough investigation after the July 2002 leak, and that on July 9, 2002 it located and reviewed a 1998 "Flaw List" summarizing a 1997 Tuboscope ILI of the pipeline. The ILI had been performed by BP so that it could identify anomalies that required repair or maintenance. Respondent argued that during the ILI review it discovered that the pipeline flaws that led to the August 2000 and the July 2002 releases were described in the report but that neither had been investigated nor repaired by BP. Respondent advised that it then examined the ILI report, investigated all pipeline locations that showed anomalies of 30% or greater wall loss, and made a determination that none was integrity threatening. Respondent took the position that it had a sound pipeline.

During the hearing, Respondent argued that the March 2003 leak location, which is the subject of the Notice, was not identified as an anomaly or called out for repair on the 1998 "Flaw List." Respondent's corrosion expert testified that there were no known conditions that could adversely affect the safety of the pipeline, following the July 2002 leak. OPS did not disagree with any of the Respondent's arguments or testimony. In its post hearing submission, Respondent argued that OPS had the burden of proof and that it failed to rebut or counter Respondent's reports and expert's testimony at the hearing that the conditions leading to the March 2003 leak presented no risk to the safety of the pipeline.

OPS' role is not to direct how an operator interprets data, as long as the data is interpreted by a qualified person in a safety conscious, conservative manner always keeping the safety of the public, property and the environment first. Respondent submitted documentation that it acted within a reasonable time to the July 2002 leak and that the March 2003 leak location, which is the subject of the Notice, was not identified as an anomaly or called out for repair on the 1998 "Flaw List." Respondent also submitted documentation to show that it initiated and is committed to completion of the tasks identified in the proposed compliance order and will submit the records and notice of completed actions to the Director, Western Region, Office of Pipeline Safety.

OPS did not present any evidence contradicting Respondent's assertions. Therefore, this allegation of violation is withdrawn and this case is closed.

Stacey Gerard


Stacey Gerard
Associate Administrator
for Pipeline Safety

DEC 23 2004

Date Issued