



U.S. Department  
of Transportation

**Pipeline and  
Hazardous Materials Safety  
Administration**

400 Seventh Street, S.W.  
Washington, D.C. 20590

JUL 10 2006

Mr. William Schneider  
President  
Venoco, Inc.  
6267 Carpinteria Ave., Suite 100  
Carpinteria, CA 93013

Re: CPF No. 5-2004-7004

Dear Mr. Schneider:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It makes findings of violation and finds that you have completed the actions specified in the Notice required to comply with the pipeline safety regulations. The Final Order also finds that you have addressed the inadequacies in your procedures that were cited in the Notice of Amendment. This case is now 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. Keith Wenal  
Safety Manager  
5464 Carpinteria Ave., Suite J  
Carpinteria, CA 93013-1423

Mr. Chris Hoidal, P.E., Director Western Region, PHMSA

**CERTIFIED MAIL – RETURN RECEIPT REQUESTED**

**DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
OFFICE OF PIPELINE SAFETY  
WASHINGTON, DC 20590**

\_\_\_\_\_ )  
**In the Matter of** )

**Venoco, Inc.,** )

**Respondent** )  
\_\_\_\_\_ )

**CPF No. 5-2004-7004**

**FINAL ORDER**

Between April 12 and 13, 2004, pursuant to 49 U.S.C. § 60117, representatives of the Pipeline and Hazardous Materials Safety Administration's (PHMSA's)<sup>1</sup> Office of Pipeline Safety and California State Fire Marshall conducted an on-site pipeline safety inspection of Respondent's Integrity Management Program (IMP) in Carpinteria, California. As a result of the inspection, the Director, Western Region, PHMSA, issued to Respondent, by letter dated October 1, 2004, a Notice of Probable Violation, Proposed Compliance Order, and Notice of Amendment (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent committed violations of 49 C.F.R. Part 195, and proposed that Respondent take certain measures to correct the alleged violations. The Notice also alleged inadequacies in the Respondent's IMP and proposed to require amendment of Respondent's procedures to comply with the requirements of 195.452.

Respondent responded to the Notice by letter dated October 19, 2004 (Response). Respondent did not contest the allegations of violation but provided information concerning the corrective actions it has taken. Respondent did not request a hearing, and therefore has waived its right to one.

**FINDINGS OF VIOLATION**

In its Response, Respondent did not contest the alleged violations in the Notice. Accordingly, I find that Respondent violated the following sections of 49 C.F.R. Part 195, as more fully described in the Notice:

\_\_\_\_\_  
<sup>1</sup> Effective February 20, 2005, the Pipeline and Hazardous Materials Safety Administration (PHMSA) succeeded Research and Special Programs Administration as the agency responsible for regulating safety in pipeline transportation and hazardous materials transportation. See, section 108 of the Norman Y. Mineta Research and Special Programs Improvement Act (Public Law 108-426, 118 Stat. 2423-2429 (November 30, 2004)). See also, 70 Fed. Reg. 8299 (February 18, 2005) re delegating the pipeline safety authorities and functions to the PHMSA Administrator.

Item 1a— 49 C.F.R. § 195.452(c)(1)(i)(A)—failing to conduct an acceptable geometry tool run;

Item 1b— 49 C.F.R. § 195.452(e)(1)(i-ix) and (2)—failing to conduct a risk analysis for the lines needing to be hydrotested for baseline assessment and putting a prioritized schedule in place for these lines;

Item 2c—49 C.F.R. § 195.452(f)(4) and (8)—failing to perform confirmation digs after each pig run to compare predicted versus actual anomalies;

Item 4a—49 C.F.R. § 195.452(h)(1)—failing to put in place a process to provide an adequate understanding of in-line inspection results; and

Item 6b—49 C.F.R. § 195.452(i)(1-2)—failing to conduct a risk analysis for its IMP.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

### **COMPLIANCE ORDER**

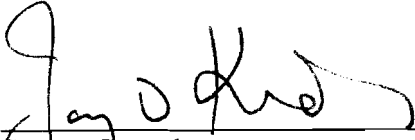
The Notice proposed a compliance order with respect to Items 1a, 1b, 2c, 4a, and 6b in the Notice. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under Chapter 601. Respondent stated in its Response that, since the inspection, it has revised its “Liquid IMP Plan,” and included copies of the pertinent sections as well as summary sections of the risk assessments completed for the five highest risk pipelines. The Regional Director has reviewed the revised sections as well as the other attachments and has determined that they address the proposed compliance actions. Accordingly, since compliance has been achieved with respect to these violations, it is not necessary to include the compliance terms in this order.

### **AMENDMENT OF PROCEDURES**

The Notice alleged inadequacies in Respondent’s procedures and proposed to require amendment of Respondent’s procedures to comply with the requirements of 49 C.F.R. § 195.452.

In its response, Respondent submitted copies of its amended procedures, which the Director, Western Region, PHMSA reviewed. Accordingly, based on the results of this review, I find that the Respondent’s original procedures as described in the Notice were inadequate to ensure safe operation of its pipeline system, but that Respondent has corrected the identified inadequacies. No need exists to issue and order directing amendment.

The terms and conditions of this Final Order are effective on receipt.



Stacey Gerard  
Associate Administrator  
for Pipeline Safety



JUL 10 2011

Date Issued