



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 2, 2007

Ms. Margaret Yaege
ConocoPhillips Pipeline Company
600 North Dairy Ashford Road
Houston, TX 77079

CPF 5-2007-0005

Dear Ms. Yaege:

On March 20 – 24, 2006, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your intrastate natural gas pipeline facilities in San Luis Obispo County, California.

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 items inspected and the probable violation(s) are:

- 1. §192.14 Conversion to service subject to this part. (a) A steel pipeline previously used in service not subject to this part qualifies for use under this part if the operator prepares and follows a written procedure to carry out the following requirements:**

(1) The design, construction, operation, and maintenance history of the pipeline must be reviewed and, where sufficient historical records are not

available, appropriate tests must be performed to determine if the pipeline is in a satisfactory condition for safe operation.

(2) The pipeline right-of-way, all aboveground segments of the pipeline, and appropriately selected underground segments must be visually inspected for physical defects and operating conditions which reasonably could be expected to impair the strength or tightness of the pipeline.

(3) All known unsafe defects and conditions must be corrected in accordance with this part.

(4) The pipeline must be tested in accordance with subpart J of this part, to substantiate the maximum allowable operating pressure permitted by subpart L of this part.

(b) Each operator must keep for the life of the pipeline a record of the investigations, tests, repairs, replacements, and alterations made under the requirements of paragraph (a) of this section.

Records were unavailable at the time of the inspection to substantiate compliance with this section. Many historical records were destroyed in a fire, and the previous operator did not consider the pipelines to be in regulated service. Formal pipeline-specific conversion-to-service procedures were not documented.

Proposed Compliance Order

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to ConocoPhillips Pipeline Company. Please refer to the *Proposed Compliance Order* that 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 5-2007-0005** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

cc: PHP-60 Compliance Registry
PHP-500 J. Stahoviak (#116699)

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to ConocoPhillips Pipeline Company a Compliance Order incorporating the following remedial requirements to ensure the compliance of ConocoPhillips Pipeline Company with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to failure to adequately perform and document conversion to Part 192 service, ConocoPhillips Pipeline Company must prepare, submit, and follow a written procedure, including a proposed time table, to fulfill the requirements for conversion to service.
2. Following receipt of a Final Order, ConocoPhillips Pipeline Company must submit the conversion to service procedure and timetable within 60 days. Implementation of the specific steps contained in the procedure must not vary significantly from the timetable without formal notice to the PHMSA, Western Region. Absent such delays, periodic updates on progress at 90 day intervals must be supplied in writing until the conversion is complete. Because of the lack of alternate energy supplies to the downstream facilities, it is understood that the timing of certain required activities, such as hydro-tests, may not be under the control of ConocoPhillips Pipeline Company. However, it is expected that opportunities for performing required activities, such as a refinery "turnaround" will not be missed, barring extraordinary circumstances and notification to PHMSA, Western Region.
3. ConocoPhillips Pipeline Company shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Christopher Hoidal, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. Costs shall 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.