

SEP 14 2009

Mr. Duane Dudics, PE
HES Manager
Vintage Production California LLC
9600 Ming Ave., Suite 300
Bakersfield, CA 93311

Re: CPF No. 5-2007-0023

Dear Mr. Dudics:

Enclosed is the Final Order issued in the above-referenced case. It makes findings of violation and finds that Vintage Production California LLC has completed the actions specified in the Notice required to comply with the pipeline safety regulations. This case is now closed. Your receipt of this Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Chris Hoidal, Director, Western Region, OPS

CERTIFIED MAIL – RETURN RECEIPT REQUESTED [7004 2510 0003 6895 8808]

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

In the Matter of)	
)	
Vintage Production California LLC,)	CPF No. 5-2007-0023
)	
Respondent.)	
)	

FINAL ORDER

Between July 30 - August 2, 2007, pursuant to 49 U.S.C. § 60117, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an inspection of the facilities and records of Vintage Production California LLC's (Vintage or Respondent) pipeline system near Piru and Santa Paula, California. Respondent operates a gas gathering pipeline system which consists of 20-miles of pipeline located within one or more High Consequence Areas (HCAs).¹

As a result of the inspection, the Director, Western Region, OPS (Director), issued to Respondent, by letter dated November 16, 2007, 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. §§ 192.457(a), 192.463(a), 192.475(a)-(b), 192.477, 192.705(a), and 192.739(a), and proposed ordering Respondent to take certain measures to correct the alleged violations. The Notice also proposed finding that Respondent had committed probable violations of 49 C.F.R. §§ 192.459, 192.465(a), 192.467(c), and 192.615(c), and warned Respondent to take appropriate corrective action or be subject to future enforcement action.

Vintage sought and received a brief extension to respond to the Notice. Vintage responded to the Notice by letters dated January 7, 2008, and July 23, 2009 (Responses). Respondent did not contest the items in the Notice and provided explanations and information concerning the corrective actions it had taken and planned to take in the future. Respondent did not request a hearing and has therefore waived its right to one.

¹ 49 C.F.R. § 192.903 defines "high consequence areas."

FINDINGS OF VIOLATION

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 192.457(a), which states:

§ 192.457 External Corrosion Control: Buried or submerged pipelines installed before August 1, 1971.

(a) Except for buried piping at compressor, regulator, and measuring stations, each buried or submerged transmission line installed before August 1, 1971, that has an effective external coating must be cathodically protected along the entire area that is effectively coated, in accordance with this subpart. For the purposes of this subpart, a pipeline does not have an effective external coating if its cathodic protection current requirements are substantially the same as if it were bare. The operator shall make tests to determine the cathodic protection current requirements.

Item 1 alleged that Respondent violated § 192.457(a) by failing to cathodically protect certain of its buried pipelines. Specifically, it alleged that Vintage had not cathodically protected its Saticoy and Maulhardt gathering line systems.² Both of these systems are Type A gathering lines.³

Respondent did not contest this allegation, and provided information regarding the design, purchase, and installation of cathodic protection (CP) on the Saticoy and Maulhardt systems. Accordingly, after considering all of the evidence, I find that Respondent violated 49 C.F.R. § 192.457(a) by failing to cathodically protect the Saticoy and Maulhardt gathering systems.

Item 3: The Notice alleged that Respondent violated 49 C.F.R. § 192.463(a), which states:

§ 192.463 External corrosion control: Cathodic protection.

(a) Each cathodic protection system required by this subpart must provide a level of cathodic protection that complies with one or more of the applicable criteria contained in appendix D of this part . . .

² The Saticoy and Mulhardt gathering pipelines are in Class 2 and 3 areas, respectively. Pipeline locations are classified according to their proximity to buildings intended for human occupancy or other places of public assembly, as more fully described in 49 C.F.R. § 192.5.

³ Both pipelines qualify as Type A regulated onshore gathering pipelines under 49 C.F.R. § 192.8. Operators of such pipelines must comply with the majority of the Part 192 requirements, including the corrosion control requirements in Subpart I – Requirements for Corrosion Control. 49 C.F.R. § 192.9. In its Response, Vintage did not contest that prior to April 14, 2006, its pipelines were subject to the requirements of Part 192. Further, 49 C.F.R. § 190.209(c) states “[f]ailure of the respondent to respond in accordance with paragraph (a) of this section or, when applicable, paragraph (c) of this section, constitutes a waiver of the right to contest the allegations in the notice of probable violation and authorizes the Associate Administrator, OPS, without further notice to the respondent, to find facts to be as alleged in the notice of probable violation and to issue a final order . . .”

Item 3 alleged that Respondent violated § 192.463(a) by failing to provide a level of CP that complied with one or more of the applicable criteria contained in Appendix D of 49 C.F.R. Part 192. Specifically, it alleged that Respondent did not provide the adequate levels of CP on its South Mountain Booster and Termo pipelines. Respondent's annual CP reports for the two years prior to the inspection indicated insufficient CP levels.

Respondent did not contest this allegation, and provided information regarding corrective actions and testing it had performed or planned to perform. Accordingly, after considering all of the evidence, I find that Respondent violated 49 C.F.R. § 192.463(a) by failing to provide a level of CP that complied with one or more of the applicable criteria contained in Appendix D of 49 C.F.R. Part 192.

Item 6: The Notice alleged that Respondent violated 49 C.F.R. §§ 192.475(a) and (b), which state:

§ 192.475 Internal corrosion control: General.

(a) Corrosive gas may not be transported by pipeline, unless the corrosive effect of the gas on the pipeline has been investigated and steps have been taken to minimize internal corrosion.

(b) Whenever any pipe is removed from a pipeline for any reason, the internal surface must be inspected for evidence of corrosion. If internal corrosion is found-

(1) The adjacent pipe must be investigated to determine the extent of internal corrosion;

(2) Replacement must be made to the extent required by the applicable paragraphs of §§ 192.485, 192.487, or 192.489; and

(3) Steps must be taken to minimize the internal corrosion.

Item 6 alleged that Respondent violated § 192.475(a) by failing to investigate the corrosive effect of gas it transported in its pipeline. Specifically, it alleged that Respondent did not have a process to monitor the corrosiveness of the gas it is transporting. OPS noted that Vintage's Termo gathering system transports some carbon dioxide (CO₂) gas, but that Respondent was unaware of how the CO₂ affected the pipelines.

Item 6 also alleged that Respondent violated § 192.475(b) by failing to inspect the internal surface of certain pipe removed from its system for evidence of corrosion. Specifically, it alleged that on January 18, 2007, Respondent removed and replaced a short section of its Barsdale gas gathering system, but failed to examine the interior surface of the removed pipeline for signs of internal corrosion.

Respondent did not contest these allegations, but provided information regarding procedures and equipment it had in place to investigate and minimize internal corrosion, including refresher training for its personnel. Accordingly, after considering all of the evidence, I find that Respondent violated 49 C.F.R. § 192.475(a) by failing to investigate the corrosive effect of the

gas it was transporting in its pipeline, and that Respondent violated 49 C.F.R. § 192.475(b) by failing to inspect the internal surface of a section of pipeline that was removed.

Item 7: The Notice alleged that Respondent violated 49 C.F.R. § 192.477, which states:

§ 192.477 Internal corrosion control: Monitoring.

If corrosive gas is being transported, coupons or other suitable means must be used to determine the effectiveness of the steps taken to minimize internal corrosion. Each coupon or other means of monitoring internal corrosion must be checked two times each calendar year, but with intervals not exceeding 7 ½ months.

Item 7 alleged that Respondent violated § 192.477 by failing to use or periodically monitor coupons or other suitable means to determine the effectiveness of steps taken to minimize internal corrosion. Specifically, it alleged that Respondent's Termo gas gathering system, which contains a high concentration of CO₂, is not monitored for internal corrosion. The Notice further alleged that Respondent had no process in place to monitor internal corrosion of the pipeline.

Respondent did not contest this allegation and provided information regarding corrective actions it had taken. Accordingly, after considering all of the evidence, I find that Respondent violated 49 C.F.R. § 192.477 by failing to use or periodically monitor coupons or other suitable means to determine the effectiveness of steps taken to minimize internal corrosion.

Item 9: The Notice alleged that Respondent violated 49 C.F.R. § 192.705(a), which states:

§ 192.705 Transmission lines: Patrolling.

(a) Each operator shall have a patrol program to observe surface conditions on and adjacent to the transmission line right-of-way for indications of leaks, construction activity, and other factors affecting safety and operation.

Item 9 alleged that Respondent violated § 192.705(a) by failing to patrol certain pipeline right-of-ways for indications of leaks, construction activity, and other factors affecting safety and operation. Specifically, the Notice alleged that Vintage had not patrolled the rights-of-way for the Saticoy and Maulhardt systems since it started operating those systems in 2006.

Respondent did not contest this allegation and provided information regarding the corrective actions it had taken. Accordingly, after considering all of the evidence, I find that Respondent violated 49 C.F.R. § 192.705(a) by failing to patrol the Saticoy and Maulhardt pipeline rights-of-way for indications of leaks, construction activity, and other factors affecting safety and operation.

Item 10: The Notice alleged that Respondent violated 49 C.F.R. § 192.739(a), which states:

§ 192.739 Pressure limiting and regulating stations: Inspection and testing.

(a) Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests to determine that it is-

- (1) In good mechanical condition;
- (2) Adequate from the standpoint of capacity and reliability of operation for the service in which it is employed;
- (3) Except as provided in paragraph (b) of this section, set to control or relieve at the correct pressure consistent with the pressure limits of § 192.201(a); and
- (4) Properly installed and protected from dirt, liquids, or other conditions that might prevent proper operation.

Item 10 alleged that Respondent violated § 192.739(a) by failing to subject its relief devices to inspections and tests at the intervals required.

Respondent did not contest the violation, but provided information indicating that it had subsequently performed the required relief device inspections, and described additional safety measures it had taken. Accordingly, after considering all of the evidence, I find that Respondent violated 49 C.F.R. § 192.739(a) by failing to subject its relief devices to inspections and tests at the intervals required.

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 1, 3, 6, 7, 9, and 10 in the Notice for violations of 49 C.F.R. Part 192.

Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. The Director has indicated that Respondent has satisfactorily completed the following actions specified in the Proposed Compliance Order:

1. 49 C.F.R. § 192.457(a) -- With regard to the violation described in Item 1 of the Notice, Respondent stated it has completed installation of CP systems on its Maulhardt and Saticoy pipelines, and outlined the steps it took to complete the testing and installation of those systems.

2. 49 C.F.R. § 192.463(a) -- With regard to the violation as described in Item 3 of the Notice, Respondent stated it has provided adequate CP to its Termo pipeline and South Mountain Booster, and outlined the steps it took to complete testing and installation of CP systems.

3. 49 C.F.R. § 192.475(a)-(b) -- With regard to the violation as described in Item 6 of the Notice, Respondent stated it has added procedures and equipment to investigate internal corrosion, and has taken additional steps to monitor and minimize internal corrosion, including providing operations and maintenance refresher training for its personnel.

4. 49 C.F.R. § 192.477 -- With regard to the violation as described in Item 7 of the Notice, Respondent stated it has installed corrosion coupon holders and has taken additional steps to monitor gas corrosivity and to monitor the effectiveness of its “corrosion inhibitor treatment program.”

5. 49 C.F.R. § 192.705(a) -- With regard to the violation as described in Item 9 of the Notice, Respondent began performing and keeping records of walking patrols in September 2007. Respondent stated it will continue performing the patrols.

6. 49 C.F.R. § 192.739(a) -- With regard to the violation as described in Item 10 of the Notice, the Responses provided information and records showing that Respondent had performed the required relief device inspections, and also provided information regarding additional relief devices it had installed.

Accordingly, since compliance has been achieved with respect to these violations, the compliance terms are not included in this Order.

WARNING ITEMS

With respect to Items 2, 4, 5, and 8 the Notice alleged probable violation of 49 C.F.R. Part 192, but did not propose a civil penalty or compliance order for these items. Therefore, these are considered to be warning items. The warnings were for:

1. 49 C.F.R. § 192.459 (Notice Item 2) – Respondent’s alleged failure to examine external corrosion on exposed pipeline and failure to examine a replaced section of pipeline for signs of external corrosion.
2. 49 C.F.R. § 192.465(a) (Notice Item 4) – Respondent’s alleged failure to monitor CP levels on portions of its pipeline as required.
3. 49 C.F.R. § 192.467(c) (Notice Item 5) – Respondent’s alleged failure to include a casing in its annual CP survey to confirm it was electrically isolated from the gas carrier pipe.

4. 49 C.F.R. § 192.615(c) (Notice Item 8) – Respondent’s alleged failure to produce records confirming it had met with public officials regarding emergency plans as required.

Vintage Production California did not provide any information in its Responses regarding the warning items, but stated that “these items are also being addressed.” Having reviewed the record, I find, pursuant to 49 C.F.R. § 190.205, that probable violations of 49 C.F.R. §§ 192.463, 192.465(a), 192.467(c), and 192.615(c) have occurred and Respondent is hereby advised to correct such conditions. If OPS finds a violation for these items in a subsequent inspection, Respondent may be subject to future enforcement action.

The terms and conditions of this Final Order shall be effective upon receipt.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued