



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

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12300 W Dakota Ave , Suite 110
Lakewood, CO 80228

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 9, 2007

Mr. Mike Rogers
Sr. Vice President, Western Region
CPN Pipeline Company
3875 Hopyard Road, Suite 345
Pleasanton, CA 94588

CPF 5-2007-1011M

Dear Mr. Rogers:

On January 30, February 1, 13 and 14, 2007, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Integrity Management Program (IMP) in Rio Vista, California.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within CPN's IMP plan. The noted deficiencies are described below. Probable violations resulting from that same inspection were already sent to you in our letter, CPF No. 5-2007-1006, dated June 11, 2007.

1. Baseline Assessment Plan

§192.911 What are the elements of an integrity management program?

(b) A baseline assessment plan meeting the requirements of §192.919 and §192.921.

§192.921 (a) Assessment methods. An operator must assess the integrity of the line pipe in each covered segment by applying one or more of the following methods depending on the threats to which the covered segment is susceptible. An operator must select the method or methods best suited to address the threats identified to the covered segment (See § 192.917).

- (1) Internal inspection tool or tools capable of detecting corrosion, and any other threats to which the covered segment is susceptible. An operator must follow ASME/ANSI B31.8S (ibr, see § 192.7), section 6.2 in selecting the appropriate internal inspection tools for the covered segment...**

§192.921 (b) Prioritizing segments. An operator must prioritize the covered pipeline segments for the baseline assessment according to a risk analysis that considers the potential threats to each covered segment. The risk analysis must comply with the requirements in § 192.917.

- **Item 1A: §192.911(b) and §192.921(a)(1)**

CPN has not established specifications defining their required ILI vendor and tool performance. Also, CPN did not have procedures for running ILI tools in general.

- **Item 1B: §192.911(b) and §192.921(b)**

The identified potential threats listed on the Baseline Assessment Plan (BAP) do not correspond with key threats identified in the Integrity Assessment and Mitigation Plan. For example, the BAP identified Third-Party Damage (TPD) as the only potential threat for the Sunsweet segment, yet the Integrity Assessment and Mitigation Plan identifies TPD, external corrosion, and internal corrosion as the key threats. It is not clear that the assessment methods documented in the BAP are intended to assess all threats established by the risk analysis and documented in the Integrity Assessment and Mitigation Plan.

2. Identify Threats, Data Integration, and Risk Assessment

§192.911 What are the elements of an integrity management program?

(c) An identification of threats to each covered pipeline segment, which must include data integration and a risk assessment. An operator must use the threat identification and risk assessment to prioritize covered segments for assessment (§192.917) and to evaluate the merits of additional preventive and mitigative measures (§192.935) for each covered segment.

§192.917 How does an operator identify potential threats to pipeline integrity and use the threat identification in its integrity program?

(a) Threat identification. An operator must identify and evaluate all potential threats to each covered pipeline segment. Potential threats that an operator must consider include, but are not limited to, the threats listed in ASME/ANSI B31.8S (ibr, see §192.7), section 2, which are as follows:

- (1) Time dependent threats such as internal corrosion, external corrosion, and stress corrosion cracking;**
- (2) Static or resident threats, such as fabrication or construction defects;**

- (3) Time independent threats such as third party damage and outside force damage; and**
- (4) Human error.**

(b) Data gathering and integration. To identify and evaluate the potential threats to a covered pipeline segment, an operator must gather and integrate existing data and information on the entire pipeline that could be relevant to the covered segment. In performing this data gathering and integration, an operator must follow the requirements in ASME/ANSI B31.8S, section 4. At a minimum, an operator must gather and evaluate the set of data specified in Appendix A to ASME/ANSI B31.8S, and consider both on the covered segment and similar non-covered segments, past incident history, corrosion control records, continuing surveillance records, patrolling records, maintenance history, internal inspection records and all other conditions specific to each pipeline.

(c) Risk assessment. An operator must conduct a risk assessment that follows ASME/ANSI B31.8S, section 5, and considers the identified threats for each covered segment. An operator must use the risk assessment to prioritize the covered segments for the baseline and continual reassessments (§§192.919,192.921, 192.937), and to determine what additional preventive and mitigative measures are needed (§192.935) for the covered segment.

- **Item 2A: §192.911(c) and §192.917(a)**

The IMP provides a criterion for eliminating Stress Corrosion Cracking (SCC) as a potential threat or concern if the pipeline operated at less than 74% of the Specified Minimum Yield Stress (SMYS). A basis for this criterion and its consistency with industry standards has not been documented in the IM program.

- **Item 2B: §192.911(c) and §192.917(a) ASME/ANSI B31.8S, Section 2.2**

CPN's threat identification process does not consider risks posed by potential interactive threats.

- **Item 2C: §192.911(c) and §192.917(c)**

CPN does not have a documented process that validates that risk assessment results are logical and consistent with the operator's and industry's experience.

3. Remediation

§192.911 What are the elements of an integrity management program?

(e) Provisions meeting the requirements of §192.933 for remediating conditions found during an integrity assessment.

§192.933(a) General requirements. An operator must take prompt action to address all anomalous conditions that the operator discovers through the integrity assessment. In addressing all conditions, an operator must evaluate all anomalous conditions and remediate those that could reduce a pipeline's integrity. An operator must be able to demonstrate that the remediation of the condition will ensure that the condition is unlikely to pose a threat to the integrity of the pipeline until the next reassessment of the covered segment. If an operator is unable to respond within the time limits for certain conditions specified in this section, the operator must temporarily reduce the operating pressure of the pipeline or take other action that ensures the safety of the covered segment. If pressure is reduced, an operator must determine the temporary reduction in operating pressure using ASME/ANSI B31G (ibr, see §192.7) or AGA Pipeline Research Committee Project PR-3-805 ("RSTRENG"; ibr, see §192.7) or reduce the operating pressure to a level not exceeding 80% of the level at the time the condition was discovered. (See appendix A to this part 192 for information on availability of incorporation by reference information). A reduction in operating pressure cannot exceed 365 days without an operator providing a technical justification that the continued pressure restriction will not jeopardize the integrity of the pipeline.

§192.933(c) Schedule for evaluation and remediation. An operator must complete remediation of a condition according to a schedule that prioritizes the conditions for evaluation and remediation. Unless a special requirement for remediating certain conditions applies, as provided in paragraph (d) of this section, an operator must follow the schedule in ASME/ANSI B31.8S (ibr, see §192.7), section 7, Figure 4. If an operator cannot meet the schedule for any condition, the operator must justify the reasons why it cannot meet the schedule and that the changed schedule will not jeopardize public safety. An operator must notify OPS in accordance with §192.949 if it cannot meet the schedule and cannot provide safety through a temporary reduction in operating pressure or other action. An operator must also notify a State or local pipeline safety authority when either a covered segment is located in a State where OPS has an interstate agent agreement, or an intrastate covered segment is regulated by that State.

- Item 3A: §192.911(e) and §192.933(c)

The CPN IMP does not require a documented justification, that includes the reasons why the remediation schedule cannot be met and the basis for why the delayed schedule will not jeopardize public safety.

4. Management of Change

§192.911 What are the elements of an integrity management program?

(k) A management of change process as outlined in ASME/ANSI B31.8S, section 11.

§192.909(b) Notification. An operator must notify OPS, in accordance with §192.949, of any change to the program that may substantially affect the program's

implementation or may significantly modify the program or schedule for carrying out the program elements. An operator must also notify a State or local pipeline safety authority when either a covered segment is located in a State where OPS has an interstate agent agreement, or an intrastate covered segment is regulated by that State. An operator must provide the notification within 30 days after adopting this type of change into its program.

ASME B31.8S-2001, Section 11

(a) Formal management of change procedures shall be developed in order to identify and consider the impact of changes to pipeline systems and their integrity. These procedures should be flexible enough to accommodate both major and minor changes, and must be understood by the personnel that use them. Management of change shall address technical, physical, procedural and organizational changes to the system whether permanent or temporary. The process should incorporate planning for each of these situations and consider the unique circumstances of each.

A management of change process includes the following:

- (1) Reason for change**
- (2) Authority for approving changes**
- (3) Analysis of implications**
- (4) Acquisition of required work permits**
- (5) Documentation**
- (6) Communication of change to affected parties**
- (7) Time limitations**
- (8) Qualification of staff**

(b) The operator shall recognize that system changes can require changes in the integrity management program and conversely, results from the program can cause system changes. The following are examples that are gas pipeline specific but are by no means all inclusive...

- **Item 5A: §192.911(k) and ASME B31.8S-2001, Section 11(a)**

The IMP BAP development and maintenance process does not require that the authority for approving changes, the analysis of implications of changes, or that communication of changes to affected parties be documented.

- **Item 5B: §192.911(k) and ASME B31.8S-2001, Section 11(b)**

The CPN Management of Change (MOC) process does not require incorporation of new information prior to the annual re-evaluation of the risk analysis.

5. Quality Assurance

§192.911 What are the elements of an integrity management program?

- (l) A quality assurance process as outlined in ASME/ANSI B31.8S, Section 12.**

§192.907(b) Implementation Standards. In carrying out this subpart, an operator must follow the requirements of this subpart and of ASME/ANSI B31.8S (ibr, see §192.7) and its appendices, where specified. An operator may follow an equivalent standard or practice only when the operator demonstrates the alternative standard or practice provides an equivalent level of safety to the public and property. In the event of a conflict between this subpart and ASME/ANSI B31.8S, the requirements in this subpart control.

ASME B31.8S-2001, Section 12.2, Quality Management Control.

(b) Specifically, activities that should be included in the quality control program are as follows:

(3) Results of the integrity management program and the quality control program shall be reviewed at predetermined intervals, making recommendations for improvement.

(4) The people involved in the integrity management program shall be competent, aware of the program and all of its activities and shall be properly trained to execute the activities within the program. Documentation of such competence, awareness and qualification, and the processes for their achievement, shall be part of the quality control plan.

(7) Corrective actions to improve the integrity management program or quality plan shall be documented and the effectiveness of their implementation monitored.

(c) When an operator chooses to use outside resources to conduct any process, for example pigging, that affects the quality of the integrity management program, the operator shall ensure control of such processes and document them within the quality program.

§192.915(a) Supervisory personnel. The integrity management program must provide that each supervisor whose responsibilities relate to the integrity management program possesses and maintains a thorough knowledge of the integrity management program and of the elements for which the supervisor is responsible. The program must provide that any person who qualifies as a supervisor for the integrity management program has appropriate training or experience in the area for which the person is responsible.

§192.915(b) Persons who carry out assessments and evaluate assessment results. The integrity management program must provide criteria for the qualification of any person--

- (1) Who conducts an integrity assessment allowed under this subpart; or**
- (2) Who reviews and analyzes the results from an integrity assessment and evaluation; or**
- (3) Who makes decisions on actions to be taken based on these assessments.**

- Item 5A: §192.911(l) and ASME B31.8S-2001, section 12.2(b)(3)**

IMP section 12.6 requires an annual review of all key documents and data for each covered segment with the appropriate covered segment IMP team. The reviews are to include recommendations for improvement. However, the applicable key documents to be reviewed have not been specified.

- **Item 5B: §192.911(l) and ASME B31.8S-2001, section 12.2(b)(7)**

The process for identifying and tracking corrective actions to improve the integrity management program and the quality assurance program has not been documented in the IMP.

- **Item 5C: §192.911(l) and ASME B31.8S-2001, section 12.2(c)**

CPN does not have a formalized process to document and ensure the quality of integrity management processes when outside resources are used.

- **Item 5D: §192.911(l), ASME B31.8S-2001, section 12.2(b)(4) and §192.915(a)&(b)**

Chapter 14 of the Integrity Management Overview does not provide minimum qualification requirements for supervisory personnel.

6. Communication Plan

§192.911 What are the elements of an integrity management program?

(m) A communication plan that includes the elements of ASME/ANSI B31.8S, section 10, and that includes procedures for addressing safety concerns raised by--

- (1) OPS; and**
- (2) A State or local pipeline safety authority when a covered segment is located in a State where OPS has an interstate agent agreement.**

- **Item 6A: §192.911(m)(1) and §192.911(m)(2)**

The CPN IMP does not include a process for addressing safety concerns raised by OPS and State or local pipeline safety authorities

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to the Notice of Amendment portion of this document and note the response options. Failure to respond within 30 days of receipt of this Notice will be deemed a waiver of your right to contest the allegations set forth above and will authorize the Associate Administrator for Pipeline Safety, without further notice, to find facts as alleged in this Notice and to issue an Order Directing Amendment.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

In correspondence concerning this matter, please refer to **CPF 5-2007-1011M** 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

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*

cc: PHP-60 Compliance Registry
PHP-500 J. Gilliam (#118455)