



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

February 8, 2007

Mr. Hank True
President
Butte Pipeline Company
455 North Poplar Street
Casper, WY 82601

SENT TO COMPLIANCE REGISTRY
Hardcopy Electronically
of Copies 1 / Date 2-9-07

CPF No. 5-2007-5008

Dear Mr. True:

Between June 6-10, 2005, July 18-21, 2005, and August 15-18, 2005, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA, pursuant to Chapter 601 of 49 United States Code, inspected your of Butte Pipeline Company's (Butte PL) Butte pipeline system in Montana and Wyoming. This inspection included a review of supporting Operation and Maintenance (O&M) records for all systems in Casper and New Castle, Wyoming as well as Baker, Montana.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

1. **§195.402 Procedural manual for operations, maintenance, and emergencies.**
 - (a) **General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be**

prepared before initial operations of a pipeline commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

- a. Butte PL procedures require periodic review of work done by the operator to determine the adequacy of procedures used in normal operations and maintenance. Butte PL has not completed any of these reviews.
- b. Butte PL procedures require periodic review of work done by the operator to determine the adequacy of procedures used in controlling abnormal operations. Butte PL has not completed any of these reviews.

2. §195.402 Procedural manual for operations, maintenance, and emergencies.

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(12) Establishing and maintaining liaison with fire, police, and other appropriate public officials to learn the responsibility and resources of each government organization that may respond to a hazardous liquid or pipeline emergency and acquaint the officials with the operator's ability in responding to a hazardous liquid or carbon dioxide pipeline emergency and means of communication.

Butte PL liaison activity efforts do not ensure that local responders, including those at remote locations, understand how to respond to a pipeline emergency for the Butte pipeline system.

3. §195.403 Emergency Response Training.

(b) At the intervals not exceeding 15 months, but at least once each calendar year, each operator shall:

(1) Review with personnel their performance in meeting the objectives of the emergency response training program set forth in paragraph (a) of this section; and

(c) Each operator shall require and verify that its supervisors maintain a thorough knowledge of that portion of the emergency response procedures established under 195.402 for which they are responsible to ensure compliance.

- a. Butte PL does not review with personnel, once each calendar year not to exceed 15 months, their performance in meeting the objectives of the emergency response training program.
- b. Butte PL does not verify that their supervisors have adequate knowledge of emergency response procedures.

4. §195.422 Pipeline Repairs.

(a) Each operator shall, in repairing its pipeline systems, insure that the repairs are made in a safe manner and are made so as to prevent damage to persons or property.

Of the several "Type B" repair sleeves installed on the Butte pipeline in 2004, only two were non-destructively tested (NDTed) at the sleeve to pipe fillet welds. Operator's records do not appear to indicate if these welds were visually examined. Industry practice has been to use some type of

NDT inspection of all sleeve to pipe fillet welds to insure that repairs are made in a safe manner to prevent damage to persons or property during and after repairs.

5. §195.428 Overpressure safety devices and overflow protection systems

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

Butte PL does not, once each calendar year not to exceed 15 months, test or calibrate pressure transducers that transmit data to the SCADA center on the Butte pipeline. Pressure transmitters that send pressure data to manned SCADA centers are part of the pressure control system and as such must be tested once each calendar year not to exceed 15 months.

6. §195.440 Public awareness

Each operator shall establish a continuing educational program to enable the public, appropriate government organizations and persons engaged in excavation-related activities to recognize a hazardous liquid or a carbon dioxide pipeline emergency and to report it to the operator or the fire, police, or other appropriate public officials. The program must be conducted in English and in other languages commonly understood by a significant number and concentration of non-English speaking population in the operator's operating areas.

Butte PL's Public Awareness Program is inadequate at providing pipeline information to the general public. A process (e.g. newspapers, flyers) to disseminate this information the public did not exist.

7. §195.583 What must I do to monitor atmospheric corrosion control?

(a) You must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:

<u>If the pipeline is located:</u>	<u>Then the frequency of inspection is:</u>
Onshore	At least once every 3 calendar years, but with intervals not exceeding 39 months
Offshore	At least once each calendar year, but with intervals not exceeding 15 months

(b) During inspections you must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.

(c) If you find atmospheric corrosion during an inspection, you must provide protection against the corrosion as required by Sec. 195.581.

Butte PL has not completed or documented any of their atmospheric corrosion inspections. Butte PL has no plan for examining those pipe surfaces that are in contact with concrete saddles.

Proposed Compliance Order

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Butte PL. Please refer to the *Proposed Compliance Order* that is enclosed and made a part of this Notice

Warning Items

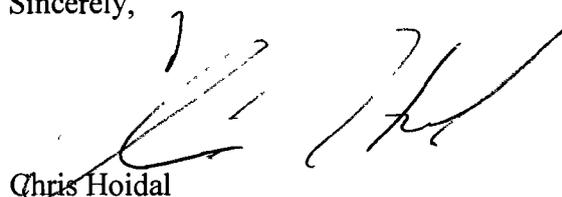
With respect to item(s) 1a, 1b, 2, 3a, 3b, and 6 we have reviewed the circumstances and supporting documents involved in this case and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to promptly correct these item(s). Be advised that failure to do so may result in Butte PL being subject to additional enforcement action.

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. 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 5-2007-5008** 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 (G. Davis #114331, #114330, #114253)

PROPOSED COMPLIANCE ORDER

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

- 1 With respect to Item 4 of the Notice, Butte PL must:

Excavate and nondestructively test 50% of all sleeve to pipe fillet welds made as part of the Butte pipeline integrity repairs of 2004.

If any of the excavated welds shows indications of cracking then the balance of all welds will be excavated and nondestructively tested.

Provide documentation of all weld inspections and any associated repairs to PHMSA.

2. With respect to Item 5 of the Notice, Butte PL must:

Test all pressure transducers that are used for operations of the Butte pipeline including those transducers that are part of the computational pipeline monitoring (CPM) system.

Ensure that all pressure transducers that are used for operations of the Butte pipeline, including those transducers that are part of the CPM system, are tested and inspected once each calendar year not to exceed 15 months.

Provide documentation of tests for all pressure transducers that are used for operations of the Butte pipeline including those transducers that are part of the CPM system.

3. With respect to Item 7 of the Notice, Butte PL must:

Complete an atmospheric corrosion inspection of all exposed piping on the Butte pipeline. These inspections shall include but not be limited to the soil to air interfaces and under pipe supports.

Document all of the above inspections

Provide protection for all areas of corrosion found during the above inspections.

4. Within 60 days of issuance of the Final Order, Butte Pipeline Company (Butte PL) must complete the above items, and submit the required documentation and procedures to the Director, Western Region, Pipeline and Hazardous Materials Administration, 12300 West Dakota Ave, #110, Lakewood, Colorado 80228.
5. Butte PL shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to 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.