



U.S. Department  
of Transportation

**Pipeline and  
Hazardous Materials Safety  
Administration**

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

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Hazardous Materials Safety Administration  
# of Copies: 1 Date: 9/10/08

## NOTICE OF AMENDMENT

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 10, 2008

Mr. Keith Wenal  
Manager  
Venoco Incorporated  
6267 Carpinteria Ave., #100  
Carpinteria, CA 93013

CPF 5-2008-1007M

Dear Mr. Wenal:

On July 23 to 27, 2007, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Venoco Incorporated's (Venoco) Integrity Management Program (IMP) in Carpinteria, California

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Venoco's IMP plan, as described below

**1. Identify High Consequence Areas (HCAs).**

**§ 192.905 (a) General.**

**To determine which segments of an operator's transmission pipeline system are covered by this subpart, an operator must identify the high consequence areas. An operator must use method (1) or (2) from the definition in §192.903 to identify a high consequence area. An operator may apply one method to its entire pipeline system, or an operator may apply one method to individual portions of the pipeline system. An operator must describe in its integrity management program which method it is applying to each portion of the operator's pipeline system. The description must include the potential impact radius when utilized to establish a**

**high consequence area. ( See appendix E.I. for guidance on identifying high consequence areas.)**

Item 1A: Venoco did not specify in its IMP plan which method it was applying to identify HCAs.

Item 1B: Venoco needs to include system maps or other suitable detailed means for documenting the pipeline segment locations that are located in HCAs

Item 1C: Venoco must ensure to apply the formula ( $r=0.69(p*d^2)^{0.5}$ ) for the calculation of the potential impact radius accurately and consistently with §192.903 requirements.

Item 1D: Venoco must ensure to use public officials as sources of information in its identification process for identified sites.

Item 1E: Venoco must include details how it included as a high consequence area, any area in Class 1 and Class 2 piping locations where the potential impact circle contains an identified site.

## **2. Identify Threats, Data Integration, and Risk Assessment.**

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

**An operator's initial integrity management program begins with a framework (see §192.907) and evolves into a more detailed and comprehensive integrity management program, as information is gained and incorporated into the program. An operator must make continual improvements to its program. The initial program framework and subsequent program must, at minimum, contain the following elements. (When indicated, refer to ASME/ANSI B31.8S (incorporated by reference, see §192.7) for more detailed information on the listed element.)**  
**(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.**

Item 2A: Venoco needs to include details in its justification for eliminating threats in its threat analysis.

Item 2B: Venoco needs to include the use of a common spatial reference system and integration of data on encroachments and foreign line crossings.

Item 2C: Venoco needs to include further clarification and additional details on how its risk assessments are applied to mitigative measures

Item 2D: Venoco needs to include details how risk assessment was recalculated for each segment to reflect the results from an integrity assessment or to account for completed prevention and mitigation actions.

Item 2E: Venoco must ensure adequate time and personnel have been allocated to permit effective implementation of its IMP plan and completion of the selected risk assessment approach

### 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 What actions must be taken to address integrity issues?**

**(c) Schedule for evaluation and remediation . An operator must complete remediation of a condition according to a schedule prioritizing 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 (incorporated by reference, see §192.7), section 7, Figure 4. If an operator cannot meet the schedule for any condition, the operator must explain the reasons why it cannot meet the schedule and how the changed schedule will not jeopardize public safety.**

Item 3A: Venoco needs to include a requirement to document the justification, when a remediation activity cannot be completed within established timeframe This requirement must include reasons why the schedule cannot be met and the basis for why the changed schedule will not jeopardize public safety

Item 3B: Venoco needs to more fully describe how it records “monitored conditions” and monitor these conditions during subsequent assessments.

**(f) A process for continual evaluation and assessment meeting the requirements of §192.937.**

#### **§ 192.937 What is a continual process of evaluation and assessment to maintain pipeline's integrity?**

**(b) Evaluation. An operator must conduct a periodic evaluation as frequently as needed to assure the integrity of each covered segment. The periodic evaluation must be based on a data integration and risk assessment of the entire pipeline as specified in §192.917. For plastic transmission pipelines, the periodic evaluation is based on the threat analysis specified in 192.917(d). For all other transmission pipelines, the evaluation must consider the past**

and present integrity assessment results, data integration and risk assessment information (§192.917), and decisions about remediation (§192.933) and additional preventive and mitigative actions (§192.935). An operator must use the results from this evaluation to identify the threats specific to each covered segment and the risk represented by these threats.

Item 3C: Venoco needs to specify the frequency of its periodic evaluations.

**(h) Provisions meeting the requirements of §192.935 for adding preventive and mitigative measures to protect the high consequence area.**

**§ 192.935 What additional preventive and mitigative measures must an operator take?**

**(b) Third party damage and outside force damage—**

**(1) Third party damage. An operator must enhance its damage prevention program, as required under §192.614 of this part, with respect to a covered segment to prevent and minimize the consequences of a release due to third party damage. Enhanced measures to an existing damage prevention program include, at a minimum—**

**(iv) Monitoring of excavations conducted on covered pipeline segments by pipeline personnel. If an operator finds physical evidence of encroachment involving excavation that the operator did not monitor near a covered segment, an operator must either excavate the area near the encroachment or conduct an above ground survey using methods defined in NACE RP-0502-2002 (incorporated by reference, see §192.7). An operator must excavate, and remediate, in accordance with ANSI/ASME B31.8S and §192.933 any indication of coating holidays or discontinuity warranting direct examination.**

Item 3D: Venoco needs to indicate in its IMP plan that for locations where there is physical evidence of encroachment involving excavation, and Venoco did not monitor this excavation near a covered segment, that Venoco will either: excavate the suspect encroached area, or use above ground indirect survey methods to identify if there is damage to the pipeline and take appropriate remedial actions if necessary.

**(2) Outside force damage. If an operator determines that outside force ( e.g., earth movement, floods, unstable suspension bridge) is a threat to the integrity of a covered segment, the operator must take measures to minimize the consequences to the covered segment from outside force damage. These measures include, but are not limited to, increasing the frequency of aerial, foot or other methods of patrols, adding external protection, reducing external stress, and relocating the line.**

Item 3E: Venoco needs to complete its work on the action item identified to evaluate preventive and mitigative measures to address the threats on its pipelines from potential earthquakes.

Item 3F Venoco needs to include a requirement to evaluate whether additional third party preventive and mitigative measures need to be implemented

**(i) A performance plan as outlined in ASME/ANSI B31.8S, section 9 that includes performance measures meeting the requirements of §192.945.**

**§ 192.945 What methods must an operator use to measure program effectiveness?**

**(a) General. An operator must include in its integrity management program methods to measure, on a semi-annual basis, whether the program is effective in assessing and evaluating the integrity of each covered pipeline segment and in protecting the high consequence areas. These measures must include the four overall performance measures specified in ASME/ANSI B31.8S (incorporated by reference, see §192.7), section 9.4, and the specific measures for each identified threat specified in ASME/ANSI B31.8S, Appendix A. An operator must submit the four overall performance measures, by electronic or other means, on a semi-annual frequency to OPS in accordance with §192.951. An operator must submit its first report on overall performance measures by August 31, 2004. Thereafter, the performance measures must be complete through June 30 and December 31 of each year and must be submitted within 2 months after those dates.**

Item 3G: Venoco needs to specify that performance is measured semi-annually in accordance with the threat-specific metrics of ASME B31.8S-2001, Table 9.

**(j) Record keeping provisions meeting the requirements of §192.947.**

**§ 192.947 What records must an operator keep?**

**(d) Documents to support any decision, analysis and process developed and used to implement and evaluate each element of the baseline assessment plan and integrity management program. Documents include those developed and used in support of any identification, calculation, amendment, modification, justification, deviation and determination made, and any action taken to implement and evaluate any of the program elements;**

Item 3H: Venoco needs to expand the recordkeeping documentation requirements to support decisions, analyses, and calculations

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

Item 3I: Venoco needs to include reasons for changes in MOC process documentation

Item 3J: Venoco needs to ensure that for significant changes in its IMP plan, it provides notification to PHMSA, i.e. the change from 1 ½+ miles to 37+ miles of transmission pipeline.

Item 3K: Venoco needs to update the MOC process' Information Update List under DOT Compliance Review, to include IMP plan impacts/revisions, and to ensure the MOC SOP addresses impact to the IMP plan in its processes.

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

Item 3L: Venoco needs to ensure that meeting notes and corrective action to improve its IMP plan and the quality assurance processes have been documented

Item 3M: Venoco needs to include a process to ensure the quality of work of its contractors performing IMP related activities

**(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 3N: Venoco needs to include internal communication plan to establish the understanding and support for the IMP.

Item 3O: Venoco needs to include details of how it will address safety concerns raised by State and OPS pipeline safety authorities in its Communications Plan.

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 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.

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 [number of days] 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 5-2008-1007M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Hoidal", written in a cursive style.

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 (P. Nguyen, #119231)