

APR 2 2010

Mr. Dan J. Rea
Vice President, Midstream
Anadarko Petroleum Corporation
1201 Lake Robbins Drive
The Woodlands, Texas 77380

Re: CPF No. 5-2009-5007

Dear Mr. Rea:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and finds that Anadarko Petroleum Corporation has completed the actions specified in the Notice to comply with the pipeline safety regulations. Therefore, this case is now closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided 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, PHMSA

CERTIFIED MAIL – RETURN RECEIPT REQUESTED [7009 1410 0000 2472 2360]

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

_____)	
In the Matter of)	
)	
Anadarko Petroleum Corporation,)	CPF No. 5-2009-5007
)	
Respondent.)	
_____)	

FINAL ORDER

On September 24, 2008, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of Anadarko Petroleum Corporation (Anadarko or Respondent) in Green River, Wyoming. Anadarko is an independent oil and natural gas exploration and production company that operates several hazardous liquid pipeline systems through its subsidiaries in Wyoming.¹

As a result of the inspection, the Director, Western Region, OPS (Director), issued to Respondent, by letter dated February 19, 2009, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Anadarko had violated 49 C.F.R. § 195.452(f)(1) and proposed ordering Respondent to take certain measures to correct the alleged violation.

Anadarko failed to respond within 30 days of receipt of service of the Notice. Such failure to respond constitutes a waiver of Respondent's right to contest the allegations in the Notice and authorizes the entry of this Final Order.²

¹ <http://www.anadarko.com/About/Pages/Overview.aspx> (last accessed March 23, 2010).

² § 190.209(c). Respondent submitted an untimely response to the Notice by letter dated May 21, 2009 (Response). Anadarko did not contest the allegations of violation in that Response, but provided information concerning the corrective actions it had taken.

FINDING OF VIOLATION

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.452(f)(1), which states, in relevant part:

§ 195.452 Pipeline integrity management in high consequence areas.

(a) *Which pipelines are covered by this section?* This section applies to each hazardous liquid pipeline and carbon dioxide pipeline that could affect a high consequence area, including any pipeline located in a high consequence area unless the operator effectively demonstrates by risk assessment that the pipeline could not affect the area. . . .

(f) *What are the elements of an integrity management program?* An integrity management program begins with the initial framework. An operator must continually change the program to reflect operating experience, conclusions drawn from results of the integrity assessments, and other maintenance and surveillance data, and evaluation of consequences of a failure on the high consequence area. An operator must include, at minimum, each of the following elements in its written integrity management program:

(1) A process for identifying which pipeline segments could affect a high consequence area....

The Notice alleged that Anadarko violated 49 C.F.R. § 195.452(f)(1) by improperly reducing the total mileage of segments in the Wamsutter crude oil pipeline system that could affect a high consequence area (HCA). Specifically, the Notice alleged that Respondent stated that it had 30 miles worth of those segments in its 2005 Annual Report, but that it only listed 1 mile in its next two annual reports in 2006 and 2007. The Notice further alleged that the Respondent offered no technical justification for making that reduction, and that the information in the National Pipeline Mapping System (NPMS) showed that it had underrepresented its HCA mileage. As already noted, Anadarko has waived its right to contest these allegations.³ Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.452(f)(1) by failing to follow a process for identifying and reducing the total mileage of pipeline segments that could affect an HCA.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

³ In its untimely Response, Anadarko questioned whether an abandoned subdivision should be designated as an “other populated area” in the NPMS. I note that such designations, which are based on data obtained from the U.S. Census Bureau, cannot be unilaterally changed by OPS. Although an operator is not necessarily bound by a NPMS designation when determining whether a pipeline segment could affect an HCA, the company must follow a process for identifying mileage of pipeline segments that could affect an HCA.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 1 in the Notice for violation of 49 C.F.R. § 195.452(f)(1). Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids 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 taken the following actions specified in the proposed compliance order:

1. In its Response, Anadarko stated that it had 11.9 miles of pipeline segments that could affect HCAs and submitted a third-party technical report describing the methodology used in making that determination. The Director has reviewed that information and determined it satisfies the terms of the proposed compliance order.

Accordingly, I find that compliance has been achieved with respect to this violation. Therefore, the compliance terms proposed in the Notice are not included in this Order.

The terms and conditions of this Final Order are effective upon receipt of service.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued