

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 17, 2010

Mr. Clark Storms
Vice President, Land and Legal
Omimex Canada, Ltd.
2001 Beach Street
Fort Worth, TX 76103

CPF 5-2010-1002M

Dear Mr. Storms:

From October 20 to 21, 2009, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Omimex Canada's procedures for operation and maintenance of the Chinook Pipeline located north of Chinook, Montana.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Omimex Canada's procedures, as described below:

1. § 192.605 Procedural manual for operations, maintenance, and emergencies

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

(1) Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart and Subpart M of this part.

Omimex's O&M Procedure Manual did not include a provision in their manual to require an annual

verification of the pressure relief device capacity at the dehydration unit/compressor that limits the pressure discharged into the Chinook Pipeline. The O&M manual also did not have procedures to require, when appropriate, annual documentation indicating that the pipeline operating conditions have not changed so that the capacity of the relieving device is insufficient. Omimex's O&M Procedure Manual is inadequate because they did not clearly describe how their personnel will implement the requirements of section 192.743(b) of Subpart M.

2. § 192.615 Emergency plans.

(a) Each operator shall establish written procedures to minimize the hazard resulting from a gas pipeline emergency. At a minimum, the procedures must provide for the following:

(3) Prompt and effective response to a notice of each type of emergency, including the following:

- (i) Gas detected inside or near a building.**
- (ii) Fire located near or directly involving a pipeline facility.**
- (iii) Explosion occurring near or directly involving a pipeline facility.**
- (iv) Natural disaster.**

Omimex did not establish adequate written emergency procedures to address prompt and effective response to the following types of emergencies: gas detected inside or near a building, fire located near or directly involving a pipeline facility, explosion occurring near or directly involving a pipeline facility, and natural disaster. Omimex's emergency plans must clearly describe what actions must be taken to meet the minimum emergency scenario requirements of section 192.615(a)(3).

3. §192.615 Emergency plans.

(b) Each operator shall:

- (1) Furnish its supervisors who are responsible for emergency action a copy of that portion of the latest edition of the emergency procedures established under paragraph (a) of this section as necessary for compliance with those procedures.**
- (2) Train the appropriate operating personnel to assure that they are knowledgeable of the emergency procedures and verify that the training is effective.**

Omimex's emergency plan procedures did not include a section to address training of appropriate operating personnel to assure that they are knowledgeable of the emergency procedures and to verify that the training is effective. Omimex representatives indicated that Omimex does not conduct comprehensive emergency training or emergency exercises for personnel responsible for operating the Chinook Pipeline. Omimex stated that emergency training is included as part of its Operator Qualification program. Regardless, Omimex's emergency response plan is inadequate because they did not clearly describe what actions must be taken to meet the requirements of section 192.615(b)(2).

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 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 5-2010-1002M** 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 M. Petronis (#123965)