

APR 30 2010

VIA FEDERAL EXPRESS AND FACSIMILE TO: 318-429-7103

Mr. Julio Rios
President
Bridger Lake, LLC
800 Spring Street, Suite 205
Shreveport, LA 71101

Re: CPF No. 5-2010-5012H

Dear Mr. Rios:

Enclosed please find a Corrective Action Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It requires Bridger Lake, LLC, to take certain corrective measures with respect to the 27-mile-long pipeline facility operated by the company in Northern Utah and Southwestern Wyoming. Service of this Order is effective upon satisfaction of the requirements in 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosures: Corrective Action Order
Copy of 49 C.F.R. § 190.233

cc: Mr. Chris Hoidal, Director, Western Region, PHMSA
Mr. John Martin, Esquire, Crowell & Moring, 1001 Pennsylvania Avenue, NW,
Washington, DC 20004

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

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In the Matter of)	
)	
Bridger Lake, LLC,)	CPF No. 5-2010-5012H
)	
Respondent.)	
)	

CORRECTIVE ACTION ORDER

Background and Purpose

On the afternoon of April 10, 2010, Bridger Lake, LLC (Bridger Lake or Respondent), notified the National Response Center (NRC) of an incident that occurred on a hazardous liquid pipeline facility that the company operates in Northern Utah and Southwestern Wyoming. Specifically, Bridger Lake advised the NRC that its pipeline had failed five days earlier, on April 5, 2010, near the intersection of State Highway 410 and County Road 263 in Robertson, Wyoming, resulting in the release of an estimated 2,000 barrels of crude oil. Bridger Lake also informed the NRC that the remaining pool of crude oil at the site had recently ignited during cleanup operations.

After receiving the NRC incident report, the Pipeline and Hazardous Materials Administration (PHMSA), Office of Pipeline Safety (OPS), Western Region initiated an investigation of the release. To date, the investigation has included a review of relevant records on file with OPS, a physical inspection of the failure site, and interviews with Bridger Lake employees.

Having reviewed the preliminary results of that investigation, I find that continued operation of this hazardous liquid pipeline facility is or would be hazardous to life, property, or the environment, and that a Corrective Action Order (CAO) must be issued for the entire pipeline and any associated facilities as provided in 49 U.S.C. § 60112 and 49 C.F.R. § 190.233. I further find that a failure to issue this CAO expeditiously would result in likely serious harm to life, property, and the environment, and therefore waive the requirement for prior notice and an opportunity for a hearing.

Preliminary Findings

- From April 1, 2008, to the present, Bridger Lake has operated a 27-mile-long, 6-5/8-inch-diameter hazardous liquid pipeline (and associated facilities) that transports crude oil from milepost (MP) 0 in Summit County, Utah, to a 25,000-barrel breakout tank at MP 27 in Uinta County, Wyoming (Affected Pipeline Facility).
- Two years later, on April 1, 2010, Bridger Lake's operations manager observed an abnormal pressure reading while performing routine operations and maintenance activities on the Affected Pipeline Facility. In particular, he observed a reading of 1500 psig on a pressure gauge after closing the mainline valve. Bridger Lake personnel did not identify the cause of the abnormal reading that day.
- On April 2, 2010, Bridger Lake arranged for an aerial patrol of its pipeline right-of-way (ROW) to determine if the abnormal pressure reading observed the day before had caused, or was the result of, a release of crude oil.
- On April 5, 2010, the aerial patroller informed Bridger Lake that he had observed yellow and brown ground at milepost (MP) 16.5 of the pipeline ROW. This location is near Robertson, Wyoming, an "other populated area" under 49 C.F.R. § 195.450, and a drinking water resource, an "unusually sensitive area" under 49 C.F.R. §§ 195.2 and 195.6. Bridger Lake's operations manager visited MP 16.5 and confirmed that a pipeline failure had occurred at that location, resulting in the release of an estimated 2,000 barrels of sweet crude oil. He also observed a spill that covered an estimated 4 acres of land and had spread approximately 2,500 feet from the initial failure point, through a ditch, under a state highway, and onto three tracts of private property. Bridger Lake immediately shut down the pipeline and initiated measures to remediate the site of the spill.
- On April 10, 2010, at around 10:30 a.m. Mountain Standard Time (MST), the remaining pool of crude oil at the failure site ignited. The probable source of the ignition was heavy equipment striking a rock. Later that day, at 2:22 p.m. MST, Bridger Lake advised the NRC that a 2,000 barrel release of crude oil had occurred on April 5, 2010, and that a fire had ignited at the spill site during cleanup operations.
- On April 15, 2010, the Wyoming Department of Environmental Quality (DEQ) arrived on site to monitor the situation.
- On April 19, 2010, an OPS inspector from the Western Region visited the failure site and determined that some of the information provided by Bridger Lake to OPS was not accurate, including the assertion that its pipeline transported crude oil solely by gravity. He also discovered that a third-party contractor had removed and replaced the failed pipeline segment, but that Bridger Lake had not retained any records relating to the design, construction, or initial testing of the replaced pipeline segment, the qualifications of the individuals who performed the removal and installation, or the procedures used in completing those tasks. In addition, the OPS inspector secured and marked the failed

pipeline segment as evidence, after discovering it in the back of the Bridger Lake operations manager's vehicle.

- OPS has concluded, based on the information provided to date, that the initial failure of the pipeline segment at MP 16.5 occurred on April 1, 2010, as a result of a significant overpressure event. The exact cause and circumstances of that overpressure event remain under investigation.
- Documents obtained by OPS indicate that Phillips Pipeline originally purchased the failed segment of line pipe from the Lone Star Steel Company and installed it in November 1968, and that it was subjected to hydrostatic pressure testing in 1968 and 1988.
- Based on the information available at this time, OPS estimates that the maximum operating pressure of the Affected Pipeline Facility is 1185 psig, and that its operating pressure during normal operations is more than 20% of its specified minimum yield strength.
- There is no evidence to date that Bridger Lake has complied with any of the requirements in the Pipeline Safety Laws or Regulations for the Affected Pipeline Facility since April 2008.
- Bridger Lake has apparently removed about 5,000 cubic feet of contaminated soil from the failure site. Current estimates indicate that additional contaminated soil must still be removed, that the actual size of the spill may be between 5,000 to 8,000 barrels, and that the initial cleanup phase will be completed on or before May 15, 2010.

Determination of Necessity for Corrective Action Order and Right to Hearing

The bases for determining whether a pipeline facility is hazardous and requires corrective action are listed in 49 U.S.C. § 60112 and 49 C.F.R. § 190.233. Under those provisions, a Corrective Action Order may be issued, after reasonable notice and the opportunity for a hearing, and may include the suspended or restricted use of a pipeline facility, physical inspection, testing, repair, replacement, or any other action as appropriate. A Corrective Action Order may also be issued, without notice and the opportunity for a hearing, upon a finding that failure to do so expeditiously will result in likely serious harm to life, property or the environment. In such cases the opportunity for a hearing will be provided as soon as practicable after the issuance of the Order.

Having considered the preliminary findings of fact and applicable criteria, including the age of the pipe, the circumstances surrounding the pipeline failure, the proximity of the pipeline to public roadways and an unusually sensitive area, the characteristics of the soil and other climatic and geologic conditions, the hazardous nature of the product transported, the pressure required for transporting that material, the remaining uncertainties as to the cause of the failure, and the ongoing status of the investigation, I find that the continued operation of the Affected Pipeline Facility without corrective measures would be hazardous to life, property and the environment.

For those same reasons, I further find that a failure to issue this Order expeditiously would result in likely serious harm to life, property, and the environment. Accordingly, this Corrective Action Order is issued without prior notice and opportunity for a hearing, and its terms and conditions are effective upon receipt.

Within 10 days of receiving this Order, Respondent may request a hearing by notifying the Associate Administrator for Pipeline Safety in writing, delivered personally, by mail or by telecopy at (202) 366-4566. The hearing will be held as soon as practicable, on a date that is mutually convenient to PHMSA and Respondent, in Denver, Colorado, or Washington, DC.

After receiving and analyzing additional data in the course of this investigation, PHMSA may identify other corrective measures that need to be taken. Respondent will be notified of any additional measures required and amendment of this Order will be considered. To the extent consistent with public safety, Respondent will be afforded notice and an opportunity for a hearing prior to the imposition of any additional corrective measures.

Required Corrective Action

Pursuant to 49 U.S.C. § 60112, I hereby order Bridger Lake to take the following corrective with respect to the Affected Pipeline Facility, namely, from MP 0 in Summit County, Utah, to MP 27 in Uinta County, Wyoming, including its 25,000-barrel breakout tank:

1. Immediately cease any and all operations on the Affected Pipeline Facility.
2. Before resuming any operations on the Affected Pipeline Facility, submit a written re-start plan for prior approval to the Director, Western Region, OPS (Director). The terms of that re-start plan must ensure that this pipeline is operated and maintained in a manner consistent with public safety, that all necessary components and equipment are installed and in good working condition, including overpressure protection, and that any repairs or other activities performed since the April 1, 2010 failure satisfy the applicable requirements in the Pipeline Safety Regulations (49 C.F.R. Parts 190-199).
3. Within 30 days of receiving this Order, complete a full analysis and mechanical and metallurgical testing of the failed pipe under the following terms and conditions:
 - A. Document the chain-of-custody when handling and transporting the failed pipe section and other evidence from the failure site;
 - B. Utilize the mechanical and metallurgical testing protocols, including the testing laboratory, as approved by the Director. The Director will provide an example of the minimum procedures required for such testing;
 - C. Prior to commencing the mechanical and metallurgical testing, provide the Director with the scheduled date, time, and location of the testing, to allow a PHMSA representative to witness the testing; and

- D. Ensure that the testing laboratory distributes any and all resulting reports in their entirety (including all media), whether draft or final, to the Director at the same time as they are made available to Respondent.
4. Within 60 days of receiving this order, submit a written remedial work plan for prior approval to the Director. The terms and conditions of the work plan must ensure that the integrity of the entire Affected Pipeline Facility is verified and that all known or suspected causes of the April 1, 2010 pipeline failure are identified and corrected. The work plan shall provide for, but is not limited to, the following work:
 - A. Integrate the results of the metallurgical analysis required by Item 3 with all relevant operating data and perform a root cause analysis of the April 2010 failure;
 - B. The performance of additional field testing, inspections, and evaluations to determine whether and to what extent the conditions associated with the failure, or any other integrity-threatening conditions, are present at any other location on the Affected Pipeline Facility. To the extent warranted by the failure analysis, include consideration of in-line inspection or hydrostatic testing. Include a detailed description of the criteria to be used for the evaluation and prioritization of any integrity threats/anomalies that are identified. Provide the results of the inspections, field excavations, testing, and evaluations to PHMSA or its representative;
 - C. Include a detailed description of the repair criteria to be used for any anomalies that are excavated, including a description of how any defects are to be graded;
 - D. Include provisions for periodic testing and integrity verification measures to ensure the ongoing safe operation of the Affected Pipeline Facility, considering the results of the analyses, inspections, and corrective measures undertaken pursuant to this Order; and
 - E. Include a proposed schedule for completion of the actions required by paragraphs A-D of this Item.
 5. The terms of any remedial work plan approved by the Director are incorporated into this Order and must be implemented upon approval. Any revisions to a previously approved work plan must be submitted to the Director for prior approval.
 6. Within 90 days of this Order, submit a written compliance plan for prior approval to the Director. The terms and conditions of that compliance plan must ensure that Bridger Lake has appropriate procedures in place for implementing the applicable requirements in the Pipeline Safety Regulations, 49 C.F.R. Part 190 to 199, and that Bridger Lake is in compliance with those requirements at the earliest practicable date.
 7. As an alternative to the re-start and remedial work plans required above, a written plan for abandoning this pipeline facility may be submitted for prior approval to the Director.

The terms of that abandonment plan must comply with the requirements in Part 195 of the Pipeline Safety Regulations, including 49 C.F.R. § 195.402(c)(10).

8. The terms and conditions of this Order, including of any restart plan, remedial work plan, or abandonment plan approved by the Director, must be implemented by an individual who is qualified to perform the prescribed tasks under Subpart Q of Part 195 of the Pipeline Safety Regulations.
9. Submit quarterly reports to the Director that: (1) include all available data and results of the work required by this Order; and (2) describe the progress of the repairs or other remedial actions being undertaken.
10. Maintain documentation of the costs associated with implementation of this Corrective Action Order. Include in each quarterly report submitted, the to-date total costs associated with: (1) preparation and revision of procedures, studies and analyses; (2) physical changes to pipeline infrastructure, including repairs, replacements and other modifications; and (3) environmental remediation, if applicable.
11. With respect to each submission under this Order requiring his approval, the Director may: (a) approve, in whole or part, the submission; (b) approve the submission on specified conditions; (c) modify the submission to cure any deficiencies; (d) disapprove in whole or in part, the submission, directing that Respondent modify the submission, or (e) any combination of the above. Respondent shall proceed to take all action required by the submission as approved or modified by the Director. If the Director disapproves all or any portion of the submission, Respondent shall correct all deficiencies within the time specified by the Director, and resubmit it for approval.
12. The Director may allow the removal or modification of any condition in this Order upon a written request from Respondent and a showing that such action is not hazardous to life, property, or the environment.

The Director may grant an extension of time for compliance with any of the terms of this Order upon submission of a timely written request demonstrating good cause for the relief requested.

The actions required by this Corrective Action Order are in addition to and do not waive any requirements that apply to Respondent's pipeline system under the Pipeline Safety Laws and Regulations or any other provision of Federal or State law.

Respondent may appeal any decision of the Director to the Associate Administrator for Pipeline Safety. Decisions of the Associate Administrator shall be final.

In accordance with 49 U.S.C. § 60122 and 49 C.F.R. § 190.223, failure to comply with this Order may result in the administrative assessment of civil penalties and in referral to the Attorney General for appropriate relief in United States District Court pursuant to 49 U.S.C. § 60120.

8787The terms and conditions of this Corrective Action Order are effective upon service in accordance with 49 C.F.R. § 190.5.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued