

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 29, 2012

Mr. Lyle Fedje
Director, Pipeline Operations
CPN Pipeline Company
4160 Dublin Blvd., Suite 100
Dublin Alameda, CA 94568

CPF 5-2012-0002M

Dear Mr. Fedje:

From March 28 to April 1, 2011, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected CPN Pipeline Company's (CPN) Integrity Management Program procedures at your offices in Rio Vista, California.

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

1. §192.905 How does an operator identify a high consequence area?

(c) Newly identified areas. When an operator has information that the area around a pipeline segment not previously identified as a high consequence area could satisfy any of the definitions in § 192.903, the operator must complete the evaluation using method (1) or (2). If the segment is determined to meet the definition as a high consequence area, it must be incorporated into the operator's baseline assessment plan as a high consequence area within one year from the date the area is identified.

CPN identifies and analyzes all changes for impacts on pipeline segments potentially affecting high consequence areas except when a pipeline is re-routed and/or relocated. CPN needs to incorporate analyzing pipelines that are re-routed and/or relocated for potential impact to HCA's and include the analysis in their integrity program.

2. **§192.921 How is the baseline assessment to be conducted?**

(a) Assessment methods. An operator must assess the integrity of the line pipe in each covered segment by applying one or more of the following methods depending on the threats to which the covered segment is susceptible. An operator must select the method or methods best suited to address the threats identified to the covered segment (See § 192.917).

(1) Internal inspection tool or tools capable of detecting corrosion, and any other threats to which the covered segment is susceptible. An operator must follow ASME/ANSI B31.8S (incorporated by reference, see § 192.7), section 6.2 in selecting the appropriate internal inspection tools for the covered segment.

CPN operates a section of pipeline in Texas which is identified to be in a HCA. According to the IMP, the Texas pipeline consists of pre-1970 ERW pipe and is scheduled to be internally inspected using an in-line internal inspector tool. However, CPN failed to select an appropriate internal inspection tool capable of assisting ERW-related risks for this segment.

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 60 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.

It is requested (not mandated) that [Company name] maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Chris Hoidal, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 5-2012-0002M** 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 H. Monfared (#134058)