

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 25, 2012

Mr. Joseph M. Pietrantonio
Vice President, Environment, Health, Safety, & Quality
Air Products & Chemicals, Inc.
7201 Hamilton Blvd.
Allentown, PA 18195

CPF 5-2012-0015

Dear Mr. Pietrantonio:

On March 14 through 16, 2011, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Integrity Management Program (IMP) at your Wilmington, California office. The IMP procedures and implementing records were reviewed.

As a result of the inspection, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation is:

- 1. 192.935 What additional preventive and mitigating measures must an operator take?**
 - (a) General requirements. An operator must take additional measures beyond those already required by Part 192 to prevent a pipeline failure and to mitigate the consequences of a pipeline failure in a high consequence area. An operator must base the additional measures on the threats the operator has**

identified to each pipeline segment. (See § 192.917) An operator must conduct, in accordance with one of the risk assessment approaches in ASME/ANSI B31.8S (incorporated by reference, see § 192.7), section 5, a risk analysis of its pipeline to identify additional measures to protect the high consequence area and enhance public safety. Such additional measures include, but are not limited to, installing Automatic Shut-off Valves or Remote Control Valves, installing computerized monitoring and leak detection systems, replacing pipe segments with pipe of heavier wall thickness, providing additional training to personnel on response procedures, conducting drills with local emergency responders and implementing additional inspection and maintenance programs.

Air Products & Chemicals, Inc. (Air Products) failed to take additional measures beyond those already required by Part 192 to mitigate the consequences of a failure of your CG-102 hydrogen pipeline. Mitigative measures must be taken in high consequence areas such as inside the Tesoro refinery in Carson, California.

During a field inspection of the Air Products pipeline system on March 16, 2011, it was observed that six (6) mobile trailers were parked on top of the CG-102 Line inside the Tesoro refinery. The trailers are being used for office space for contractors working at the refinery.

Air Products personnel disclosed that these trailers were seen being used in 2005 when the refinery was owned by Shell. At that time, Air Products raised the safety issue with Shell about occupied trailers parked on top of their pipeline. After Tesoro took over the refinery, the trailers were not moved and the potential hazard remains.

Proposed Compliance Order

With respect to item 1 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Air Products & Chemicals Inc. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

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.

In your correspondence on this matter, please refer to **CPF 5-2012-0015** 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

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

cc: PHP-60 Compliance Registry
PHP-500 P. Nguyen (#133377)

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Air Products & Chemicals, Inc. a Compliance Order incorporating the following remedial requirements to ensure the compliance of Air Products & Chemicals, Inc. with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to the presence of habitable trailers on top of the pipeline in Tesoro refinery, Air Products & Chemicals, Inc. must take additional measures beyond those already required by Part 192 to prevent a pipeline failure and to mitigate the consequences of a pipeline failure in a high consequence area. Such additional measures may include, but are not limited to, removing the trailers, or adopting other proactive and mitigative measures to lessen the consequence of a hydrogen leak or rupture in the vicinity of the trailers, or discontinuing service.
2. It is requested (not mandated) that Air Products & Chemicals Inc maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Chris Hoidal, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.