NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 19, 2012

Mr. Tracy Carter
Vice President
Devon Gas Services, LP
100 N. Broadway
Oklahoma City, OK 73102

CPF 5-2012-6015M

Dear Mr. Carter:

On September 26 through September 29, 2011, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Devon Gas Services’ (Devon) integrity management program (IMP) procedures for their Beaver Creek CO₂ Pipeline. The IM program review was conducted at your field office near Riverton, Wyoming.

On the basis of the inspection, PHMSA identified apparent inadequacies within Devon’s IMP procedures, as described below:

1. §195.452 Pipeline integrity management in high consequence areas.
   (e) What are the risk factors for establishing an assessment schedule (for both the baseline and continual integrity assessments)?
      (1) An operator must establish an integrity assessment schedule that prioritizes pipeline segments for assessment (see paragraphs (d)(1) and (j)(3) of this section). An operator must base the assessment schedule on all risk factors that reflect the risk conditions on the pipeline segment. The factors an operator must consider include, but are not limited to:
         (i) Results of the previous integrity assessment, defect type and size that the assessment method can detect, and defect growth rate;
         (ii) Pipe size, material, manufacturing information, coating type and condition, and seam type;
         (iii) Leak history, repair history and cathodic protection history;
(iv) Product transported;
(v) Operating stress level;
(vi) Existing or projected activities in the area;
(vii) Local environmental factors that could affect the pipeline (e.g., corrosivity of soil, subsidence, climatic);
(viii) geo-technical hazards; and
(ix) Physical support of the segment such as by a cable suspension bridge.

Devon’s Integrity Management Program (IMP) is inadequate because the risk analysis program does not properly address the nine (9) threat categories listed above. At the time of inspection, Devon’s risk analysis had not assigned risk factors for the pipeline defects found in the past. Each defect must, at a minimum, be evaluated to see if they can be attributed to the listed threat categories. Devon is also required to see if there are other threat factors beyond the nine prescribed ones that may be unique to the Beaver Creek pipeline. A defect associated with a specific threat factor may indicate a future systemic risk that could occur on other parts of the pipeline unless that threat factor is mitigated. Devon must amend their IMP Manual to include all relevant important risk factors that might constitute a threat to the Beaver Creek pipeline’s integrity as required by §195.452(e) so they can develop a proper pipeline assessment schedule.

2. §195.452 Pipeline integrity management in high consequence areas.
(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:

(6) Identification of preventive and mitigative measures to protect the high consequence area (see paragraph (i) of this section);

Devon’s IMP does not have an adequate risk analysis process that properly addresses the potential risk to human health and the environment. §195.452(i)(2) Risk analysis criteria states, “In identifying the need for additional preventive and mitigative measures, an operator must evaluate the likelihood of a pipeline release occurring and how a release could affect the high consequence area. This determination must consider all relevant risk factors, including, but not limited to:

(i) Terrain surrounding the pipeline segment, including drainage systems such as small streams and other smaller waterways that could act as a conduit to the high consequence area;
(ii) Elevation profile;
(iii) Characteristics of the product transported;
(iv) Amount of product that could be released;
(v) Possibility of a spillage in a farm field following the drain tile into a waterway;
(vi) Ditches along side a roadway the pipeline crosses;
(vii) Physical support of the pipeline segment such as by a cable suspension bridge;
(viii) Exposure of the pipeline to operating pressure exceeding established maximum operating pressure.”
At the time of inspection, Devon’s risk analysis did not include consequence risk factors for how a pipeline release would affect human safety and protected species, e.g. protected raptors. Therefore, Devon must amend their risk analysis criteria to include consequence risk factors for human safety and protected species as required by Part §195.452(i)(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 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 Devon Gas Services, LP 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 5-2012-6015M 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 G. Davis (#134159)