



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

901 Locust Street, Suite 462
Kansas City, MO 64106-2641

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 29, 2017

Mr. Frederick Beck, Senior Vice President DPUSA
Statoil Oil & Gas LP
6300 Bridge Point Parkway, Bldg. 2, Suite 100
Austin, TX 78730

CPF 3-2017-6009

Dear Mr. Beck:

On March 22-24 and May 3-5, 2016, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code inspected your North Dakota pipeline unit in Williston, North Dakota.

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

1. §195.266 Construction Records

A complete record that shows the following must be maintained by the operator involved for the life of each pipeline facility:

(a) The total number of girth welds and the number nondestructively tested, including the number rejected and the disposition of each rejected weld.

(b) The amount, location; and cover of each size of pipe installed.

(c) The location of each crossing of another pipeline.

(d) The location of each buried utility crossing.

(e) The location of each overhead crossing.

(f) The location of each valve and corrosion test station.

Statoil Oil & Gas LP (Statoil) failed to demonstrate that complete records which show the amount, location, depth of cover of each size of pipe installed and location of each crossing of another pipeline, location of each buried utility crossing, location of each overhead crossing, and location of each valve and corrosion test station are being maintained for each pipe segment. The Loughheed section was reviewed for Welds, UT Inspection, Rejections, Cut-outs, Repairs and Pipeline Component and Crossing Locations. No record was produced for this line on depth of cover at the time of the pipeline's installation except on the bored sections. No record was produced indicating locations of pipeline, utility or overhead crossings, valves and corrosion test stations.

2. §195.402 Procedural manual for operations, maintenance, and emergencies.

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

(12) Establishing and maintaining liaison with fire, police, and other appropriate public officials to learn the responsibility and resources of each government organization that may respond to a hazardous liquid or pipeline emergency and acquaint the officials with the operator's ability in responding to a hazardous liquid or carbon dioxide pipeline emergency and means of communication.

Statoil failed to follow for each pipeline system a manual of written procedures for conducting normal operations by not establishing and maintaining liaison with fire, police and other appropriate public officials to learn the responsibility and resources of each organization that may respond to a hazardous liquid or pipeline emergency and acquaint the officials with Statoil's response abilities. Statoil failed to produce records demonstrating liaison efforts had occurred with fire and police departments for the

Cities of Williston and Alexander and emergency management and sheriff departments for the Counties of Williams and McKenzie.

3. §195.410 Line markers.

(a) Except as provided in paragraph (b) of this section, each operator shall place and maintain line markers over each buried pipeline in accordance with the following:

2) The marker must state at least the following on a background of sharply contrasting color:

(ii) The name of the operator and a telephone number (including area code) where the operator can be reached at all times.

Statoil failed to maintain line markers over each buried pipeline with the name of the operator and a telephone number where the operator can be reached at all times. There was no answer when the telephone number on a line marker was called during the field inspection. Operator has since corrected.

4. §195.452 Pipeline integrity management in high consequence areas.

(b) What program and practices must operators use to manage pipeline integrity? Each operator of a pipeline covered by this section must:

(1) Develop a written integrity management program that addresses the risks on each segment of pipeline in the first column of the following table not later than the date in the second column:

Pipeline	Date
Category 1	March 31, 2002
Category 2	February 18, 2003.
Category 3	1 year after the date the pipeline begins operation.

Statoil failed to develop a written Integrity Management program (IMP) for a pipeline operating in a High Consequence Area (HCA) within 1 year after the pipeline began operations. Although the operator has Category 3 pipelines with HCAs commissioned in 2013, the IMP plan was not implemented until July 2016, three years after the beginning of operations.

5. **§195.509 General.**

(a) Operators must have a written qualification program by April 27, 2001. The program must be available for review by the Administrator or by a state agency participating under 49 U.S.C. Chapter 601 if the program is under the authority of that state agency.

Statoil failed to have a written Operator Qualification (OQ) Program in place at the time of beginning of operations in February 2013 thru October 2015. Prior to October 2015, there were employees and contractors performing covered tasks but Statoil did not have an OQ program in place. The OQ program was developed and operational in October 2015.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists up to a maximum of \$2,090,022 for a related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violations and has recommended that you be preliminarily assessed a civil penalty of \$73,700 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$16,900
3	\$22,400
4	\$17,200
5	\$17,200

Proposed Compliance Order

With respect to item 2 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Statoil & Gas LP. 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. All material you submit in response to this enforcement action may be 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 3-2017-6009** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



Allan C. Beshore
Director, Central Region, OPS
Pipeline and Hazardous Materials Safety Administration

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

PROPOSED COMPLIANCE ORDER

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

1. In regard to Item Number 2 of the Notice pertaining to establishing and maintaining liaison with emergency officials, the operator must locate all missing records and send them to Allan C. Beshore, Director, Central Region, Pipeline and Hazardous Materials Safety Administration.
2. The operator must complete the above item within 90 days after receipt of the Final Order:
3. It is requested (not mandated) that Statoil Oil & Gas LP maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Allan C. Beshore, Director, Central 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.