



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

1101 Main Street, Suite 800
Kansas City, MO 64105

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

VIA ELECTRONIC MAIL TO: Lori.knutson@bp.com

April 7, 2026

Ms. Lori Knutson
President / CEO
Olympic Pipe Line Company
30 South Wacker Drive
Chicago, IL 60606

CPF 3-2026-005-NOPV

Dear Ms. Knutson:

On December 9, 2023, at 7:28 PM PST, Olympic Pipe Line Company (Olympic) experienced a failure on its Olympic pipeline.¹ The Olympic pipeline is a 400-mile interstate pipeline system that transports gasoline, diesel and jet fuel. The failure occurred at mainline valve 46 (MLV 46), near Conway, Washington, on a 76.2 mile-long, 20-inch diameter mainline pipe segment between Allan Station and Renton Pump Station. The pipeline failure resulted in a release of 504 barrels of gasoline from the pipeline. Gasoline from the leak reached Hill Ditch, a nearby stream. Olympic reported the leak on December 10, 2023, at 9:35 AM PST (NRC#1386320). Washington Utilities and Transportation Commission (WUTC), acting as PHMSA's Interstate Agent, investigated the accident.

A subterranean vault contained the 20-inch MLV 46, a short section of 20-inch diameter mainline pipe, and appurtenances connected to the 20-inch mainline pipe. The source of the pipeline failure was galvanic corrosion on an appurtenance – a small carbon steel, threaded, 90-degree fitting connecting a pressure transmitter to the 20-inch mainline pipe inside the vault. The failure occurred when the threads of the carbon steel fitting corroded away, and the fitting could no longer sustain the pipeline pressure.

Following completion of the pipeline failure investigation, PHMSA investigated Olympic's compliance with the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR) in

¹ Olympic Pipe Line Company is a subsidiary of BP. See https://www.bp.com/en_us/united-states/home/products-and-services/pipelines.html#accordion_washington.

connection with the failure. As a result of the investigation, it is alleged that Olympic committed a probable violation of Part 195. The item investigated and the probable violation is:

1. § 195.402 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies....

Olympic failed to follow its manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies, as required by § 195.402(a). Specifically, Olympic failed to follow its Operation, Maintenance & Emergency Response (OMER) Manual Corrosion Control Procedure #P-195.551, section XI, Paragraph B, which stated that submerged pipe that is unprotected by cathodic protection must be evaluated at least once every three years to determine areas of active corrosion by electrical survey, or where an electrical survey is impractical, by other means that include review and analysis of leak repair and inspection records, corrosion monitoring records, exposed pipe inspection records, and the pipeline environment.

The mainline valve located at mile post 46, MLV 46, was contained in a subterranean vault. According to Olympic's inspection records, mainline pipe, MLV 46, and appurtenances in the vault were submerged in water. Olympic atmospheric inspection records noted in 2021 and 2023 that the vault was full of water year-round. One of the appurtenances inside the vault was a metal tubing assembly that extended from the 20-inch mainline to a pressure transmitter located near the top of the vault. The metal assembly was attached to a small diameter pipeline isolation valve (PIV) connected to the 20-inch mainline pipe. Slightly above the top of the PIV an insulator fitting electrically isolated the metal pipe and tubing assembly from the PIV. The insulator prevented the application of cathodic protection to any portion of the appurtenances located above it. Therefore, the portion of the metal pipe and tubing appurtenance above the insulator fitting was not cathodically protected.

Most metals will be subject to corrosion when submerged in water. The application of cathodic protection controls the electrochemical process to prevent corrosion from occurring. (*See, e.g.*, 49 CFR part 195, subpart H).

The failure on December 9, 2023, occurred on the cathodically unprotected carbon steel fitting above the insulator fitting. Metallurgical analysis confirmed the failure was caused by corrosion. Photos within the report show indications of corrosion that could be identified upon visual examination. According to Olympic's metallurgical and root cause analysis, the corrosion process was accelerated through a specific electrochemical process known as galvanic corrosion because the failed metal fitting was made of carbon steel which is dissimilar to the stainless-steel piping it was connected to.

Because portions of the valve were submerged and not fully protected with cathodic protection, as noted in Olympic's Root Cause Investigation Findings and Recommendations, Olympic's OMER Manual Corrosion Control Procedure #P-195.551 required Olympic to evaluate the valve and its

appurtenances at least every three years to determine areas of active corrosion. Records provided by Olympic indicate this evaluation did not occur. For example, an Olympic inspection record indicated only exposed piping was inspected and that the failed appurtenance was not inspected because the vault was full of water preventing visibility and accessibility. In addition, Olympic Procedure #P-195.551 required use of form F-195.573(b) to document inspections.

PHMSA, in its October 8, 2025 Request for Information, requested all procedures, tests, and records of inspection that specifically demonstrated compliance with § 195.573(b). Olympic did not provide electrical survey records to determine areas of active corrosion within the vault, nor did it provide a periodic re-evaluation on Form F-195.573 as required by its procedure. Olympic did not review and analyze corrosion monitoring records (for example, the atmospheric corrosion inspections) that showed the pipeline environment within the vault to be submerged in water. Water in the vault apparently prevented an observational evaluation from being performed due to lack of visibility, accessibility, or a combination of the two, when the failed appurtenance had a visually obvious accumulation of corrosion deposits

The failure to perform the evaluation required by OMER Manual Corrosion Control Procedure #P-195.551, section XI, Paragraph B, constitutes a failure by Olympic to follow its manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies, in violation of § 195.402(a).

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$272,926 per violation per day the violation persists, up to a maximum of \$2,729,245 for a related series of violations. For violation occurring on or after December 28, 2023 and before December 30, 2024, the maximum penalty may not exceed \$266,015 per violation per day the violation persists, up to a maximum of \$2,660,135 for a related series of violations. For violation occurring on or after January 6, 2023 and before December 28, 2023, the maximum penalty may not exceed \$257,664 per violation per day the violation persists, up to a maximum of \$2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022 and before January 6, 2023, the maximum penalty may not exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,412 for a related series of violations. For violation occurring on or after May 3, 2021 and before March 21, 2022, the maximum penalty may not exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019 and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations.

We have reviewed the circumstances and supporting documentation involved for the above probable violations and recommend that you be preliminarily assessed a civil penalty of \$ 938,400 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$ 938,400

Response to this Notice

This Notice is issued in accordance with 49 CFR § 190.207(c). Any response you may have submitted to the original Notice is no longer applicable. You must respond as set forth below.

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement 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).

Following your receipt of this Notice, you have 30 days to respond as described in the enclosed *Response Options*. 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 you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. The Region Director may extend the period for responding upon a written request timely submitted demonstrating good cause for an extension.

In your correspondence on this matter, please refer to **CPF 3-2026-005-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

AJ McKean
Director, Central Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Response Options for Pipeline Operators in Enforcement Proceedings*

cc: Jim Bruen, DOT Compliance Lead, Olympic, Jim.Bruen@bp.com
Jim Fraley, DOT Compliance Adviser, Olympic, james.fraleyjr@bp.com