NIPPON OIL EXPLORATION U.S.A. LIMITED
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Mr. R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous
Materials Safety Administration

July 2, 2007

CPF 4-2007-5016M

Mr. Seeley,

Nippon Oil Exploration USA Limited has reviewed your list of apparent inadequacies and our response can be found after each item. We have listed a page number from the appropriate manual where the response can be found.

There are two attachments one is the printout of the DOT apparent inadequacies and our responses the second is a CD with the electronic copy of the DOT OME and the DOT OQ.

If you should have any questions please do not hesitate to contact me.

Sincerely,

Tony Hubble
HSE Manager
Nippon Oil Exploration USA Limited

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. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

Nippon Response: Page 42

A) 195.49 Annual Report.195.49
Beginning no later than June 15,2005, each operator must annually complete and submit DOT form RSPA F 7000-1.1 for each type of hazardous liquid pipeline facility operated at the end of the previous year. A separate report is required for crude oil, HVL (including anhydrous ammonia), petroleum products, and carbon dioxide pipelines. Operators are encouraged, but not required, to file an annual report by June 15,2004, for calendar year 2003. At the time of the inspection, Nippon Oil Exploration USA Limited (Nippon) did not address the submission of Annual Reports, as required by §195.402(a). Procedures must be established to address the required submission of Annual Reports.

Nippon Response: Page 42

B) 195.120 Passage of internal inspection devices. Except as provided in paragraphs (b) and (c) of this section, each new pipeline and each line section of a pipeline where the line pipe, valve, fitting or other line component is replaced, must be designed and constructed to accommodate the passage of instrumented internal inspection devices. At the time of the inspection, Nippon did not have address the replacement of any component and its requirement to be designed and constructed to accommodate the passage of internal inspection devices Procedures must be developed to address the replacement of any component and it requirement to be designed and constructed to accommodate the passage of internal inspection devices.

Nippon Response: Page 58

C) 9195.214 Welding: General. Welding must be performed by a qualified welder in accordance with welding procedures qualified under Section 5 of API 1104 or Section IX of the ASME Boiler and Pressure Vessel Code (ibr, see § 195.3) . The quality of the test welds used to qualify the welding procedure shall be determined by destructive testing. At the time of the inspection, Nippon did not state that API or ASME were the acceptable codes for performance of welding by a qualified welder, as required by §195.402(a). Procedures must be established to address the acceptable codes for performance of welding by a qualified welder.

Nippon Response: Page 78

D) 195.222 Welders: Qualification of welders. Each welder must be qualified in accordance with section 6 of API 1104 (ibr, see 5 195.3 or section IX of the ASME Boiler and Pressure Vessel Code, (ibr, see 5 195.3) except that a welder qualified under an earlier edition than listed in 5 195.3 may weld but may not re-qualify under

that earlier edition. At the time of the inspection, Nippon did not address the acceptable editions of the codes for welder qualification, as required by §195.402(a). Procedures must be amended to address the correct editions of the specific codes for welder qualification.

Nippon Response: Page 78

E) 195.226 Welding: Arc burns An arc burn may be repaired by completely removing the notch by grinding, if the grinding does not reduce the remaining wall thickness to less than the minimum thickness required by the tolerances in the specification to which the pipe is manufactured. If a notch is not repairable by grinding, a cylinder of the pipe containing the entire notch must be removed. At the time of the inspection, Nippon did not have address the use of dye penetrant for notch removal verification. Procedures must specify the use of dye penetrant to very notch removal.

Nippon Response: Pages 79-80

F) 195.228 Welds and welding inspection: Standards of acceptability. The acceptability of a weld is determined according to the standards in Section 9 of API 1104. However, if a girth weld is unacceptable under those standards for a reason other than a crack, and if Appendix A to API 1104 (ibr, see 5 195.3) applies to the weld, the acceptability of the weld may be determined under that appendix. At the time of the inspection, Nippon did not address the acceptability of a weld according to the standards in Section 9 of API 1104. Procedures must be amended to address weld acceptability in accordance with API 1104.

Nippon Response: Page 79

G) 195.234 Welds: Nondestructive testing. Any nondestructive testing of welds must be performed- (1) In accordance with a written set of procedures for nondestructive testing; At the time of the inspection, Nippon did not have written procedures addressing the use of nondestructive testing. Procedures must be established to address nondestructive testing of welds.

Nippon Response: Page 79

H) 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. At the time of the inspection, Nippon did not address recording the total number of girth welds and the number nondestructively tested, including the number rejected and the disposition of each rejected weld. Procedures must be established to address recording the total number of girth welds and the number nondestructively tested, including the number rejected and the disposition of each rejected weld.

Nippon Response: Pages 7, 80

I) 195.310 Records. a) A record must be made of each pressure test required by this subpart, and the record of the latest test must be retained as long as the facility tested is in use. (b) The record required by paragraph (a) of this section must include:

(10) Temperature of the test medium or pipe during the test period. At the time of the inspection, Nippon did not address recording temperature of the test medium or pipe during the test period. Procedures must be amended to include the recording of the temperature of the test medium or pipe during the test period.

Nippon Response: Pages 60-61

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:(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.

Nippon Response: Page 64

A) 3195.403 Emergency Response Training.
   (a) Each operator shall establish and conduct a continuing training program to instruct emergency response personnel to:
      (1) Carry out the emergency procedures established under 195.402 that relate to their assignments;
      (2) Know the characteristics and hazards of the hazardous liquids or carbon dioxide transported, including, in case of flammable HVL, flammability of mixtures with air, odorless vapors, and water reactions:
      (3) Recognize conditions that are likely to cause emergencies, predict the consequences of facility malfunctions or failures and hazardous liquids or carbon dioxide spills, and take appropriate corrective action;
      (4) Take steps necessary to control any accidental release of hazardous liquid or carbon dioxide and to minimize the potential for fire, explosion, toxicity, or environmental damage; and
      (5) Learn the potential causes, types, sizes, and consequences of fire and the appropriate use of portable fire extinguishers and other on-site fire control equipment, involving, where feasible, a simulated pipeline emergency condition.
   (b) At the intervals not exceeding 15 months, but at least once each calendar year, each operator shall:
      (1) Review with personnel their performance in meeting the objectives of the emergency response training program set forth in paragraph (a) of this section; and
      (2) Make appropriate changes to the emergency response training program as necessary to ensure that it is effective.
   (c) Each operator shall require and verify that its supervisors maintain a thorough knowledge of that portion of the emergency response procedures established under 195.402 for which they are responsible to ensure compliance.
   (d) At the time of the inspection, Nippon did not have procedures emergency response training procedures for personnel (Island contractor personnel). Nippon must develop its own emergency response training procedures or adopt the emergency training procedures being used by Island Operating that are currently being used for all personnel - Island contract individuals.

B) 195.404 Each operator shall maintain current maps and records of its pipeline systems that include at least the following information;
      (1) Location and identification of the following pipeline facilities; (ii) Pump stations; At the time of the inspection, Nippon did not have procedures to require pump stations to be identified on maps and records. Procedures must

be amended to require the identification of pump stations on maps and records.

Nippon Response: Pages 14, 64-69, 74

C) 195.408 Communications.

(a) Each operator must have a communication system to provide for the transmission of information needed for the safe operation of its pipeline system.

(b) The communication system required by paragraph (a) of this section must, as a minimum, include means for:

(2) Receiving notices from operator personnel, the public, and public authorities of abnormal or emergency conditions and sending this information to appropriate personnel or government agencies for corrective action;

(3) Conducting two-way vocal communication between a control center and the scene of abnormal operations and emergencies; and,

(4) Providing communication with fire, police, and other public officials during emergency conditions, including a natural disaster. At the time of the inspection, Nippon did not have procedures in place that required a communication system to provide for the transmission of information needed for the safe operation of its pipeline system. Procedures must be developed to require a communication system for the transmission of information needed for the safe operation of the pipeline system.

Nippon Response: Page 39, 69

D) 195.413 Underwater inspection and reburial of pipelines in the Gulf of Mexico and its inlets.

(a) Except for gathering lines of 4 112 inches (114mm) nominal outside diameter or smaller, each operator shall prepare and follow a procedure to identify its pipelines in the Gulf of Mexico and its inlets in waters less than 15 feet (4.6 meters) deep as measured from mean low water that are at risk of being an exposed underwater pipeline or a hazard to navigation. The procedures must be in effect August 10, 2005.

At the time of the inspection, Nippon did not fully address the identification of its pipelines in the Gulf of Mexico and its inlet waters less than fifteen feet in a procedure. Procedures must be amended to identify pipelines in the Gulf of Mexico and its inlet waters less than fifteen feet.

Nippon Response: Page 10

E) 195.426 Scraper and sphere facilities. No operator may use a launcher or receiver that is not equipped with a relief device capable of safely relieving pressure in the barrel before insertion or removal of scrapers or spheres. The operator must use a suitable device to indicate that pressure has been relieved in the barrel or must provide a means to prevent insertion or removal of scrapers or spheres if pressure has not been relieved in the barrel. At the time of the inspection, Nippon was utilizing the Devon procedures for operating its scraper and sphere facilities, not their own. Procedures must be developed to ensure the safe relieving of pressure in the barrel and a device to indicate that pressure has been relieved.

Nippon Response: Page 10

F) 195.428 Overpressure safety devices.

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in

the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7% months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used. At the time of the inspection, Nippon was utilizing the Devon procedures for overpressure safety device testing and inspection, not their own. Procedures must be developed to inspect and test overpressure safety devices, and determine the device is functioning properly, in good mechanical condition and is adequate from the standpoint of capacity and reliability of operation.

Nippon Response: Page 52, 60

G) 195.440 Public awareness.

(a) Each pipeline operator must develop and implement a written continuing public education program that follows the guidance provided in the American Petroleum Institute's (API) Recommended Practice (RP) 1162 (IBR, see 3 195.3).

(b) The operator's program must follow the general program recommendations of API RP 1162 and assess the unique attributes and characteristics of the operator's pipeline and facilities.

(c) The operator must follow the general program recommendations, including baseline and supplemental requirements of API RP 1162, unless the operator provides justification in its program or procedural manual as to why compliance with all or certain provisions of the recommended practice is not practicable and not necessary for safety.

(d) The operator's program must specifically include provisions to educate the public, appropriate government organizations, and persons engaged in excavation related activities on:

(1) Use of a one-call notification system prior to excavation and other damage prevention activities;

(2) Possible hazards associated with unintended releases from a hazardous liquid or carbon dioxide pipeline facility;

(3) Physical indications that such a release may have occurred;

(4) Steps that should be taken for public safety in the event of a hazardous liquid or carbon dioxide pipeline release; and

(5) Procedures to report such an event.

(e) The program must include activities to advise affected municipalities, school districts, businesses, and residents of pipeline facility locations.

(f) The program and the media used must be as comprehensive as necessary to reach all areas in which the operator transports hazardous liquid or carbon dioxide.

(g) The program must be conducted in English and in other languages commonly understood by a significant number and concentration of the now English speaking population in the operator's area.

(h) Operators in existence on June 20, 2005, must have completed their written programs no later than June 20, 2006. Upon request, operators must submit their completed programs to PHMSA or, in the case of an intrastate pipeline facility operator, the appropriate State agency.

(i) The operator's program documentation and evaluation results must be available for periodic review by appropriate regulatory agencies.

At the time of the inspection, Nippon did not have procedures establishing a continuing education program to better inform the public on how to recognize and report potential hazardous liquid or carbon dioxide pipeline emergencies. Procedures must be developed to establish a continuing education program.

Nippon Response: Page 76-77

H) 195.442 Damage Prevention Program

(a) Except as provided in paragraph (d) of this section, each operator of a buried pipeline must carry out, in accordance with this section, a written program to prevent damage to that pipeline from excavation activities. For the purpose of this section, the term "excavation activities" includes excavation, blasting, boring, tunneling, backfilling, the removal of aboveground structures by either explosive or mechanical means, and other earthmoving operations. At the time of the inspection, Nippon did not have a written program in place to prevent damage to pipelines from excavation activities. A written program must be established to prevent damage to pipelines from excavation activities.

Nippon Response: Page 46

I) 195.555 What are the qualifications for supervisors?

You must require and verify that supervisors maintain a thorough knowledge of that portion of the corrosion control procedures established under Sec. 195.402(~)(3)f or which they are responsible for insuring compliance.

At the time of the inspection, Nippon did not have procedures established to require that supervisors maintain a thorough knowledge of that portion of corrosion control procedures for which they are responsible and verify that knowledge. Procedures must be established to require and verify supervisors are maintaining a thorough knowledge of the corrosion control procedures for which they are responsible for insuring compliance.

Nippon Response: Pages 25-28

J) 195.557 Which pipelines must have coating for external corrosion control? Except bottoms of aboveground breakout tanks, each buried or submerged pipeline must have an external coating for external corrosion control if the pipeline is—

(a) Constructed, relocated, replaced, or otherwise changed after the applicable dates:

(1) An interstate pipeline, other than a low-stress pipeline, on which construction was begun after March 31, 1970, that transports hazardous liquid.

(2) An interstate offshore gathering line, other than a low-stress, on which construction was begun after July 31, 1977, that transports hazardous liquid.

(3) An intrastate pipeline, other than a low-stress pipeline, on which construction was begun after October 20, 1985, that transports hazardous liquid.

(4) A pipeline, on which construction was begun after July 11, 1991 that transports carbon dioxide.

(5) A low-stress pipeline on which construction was begun after August 10, 1994.

At the time of the inspection, Nippon did not have procedures established to require external coating for corrosion control for each buried or submerged pipeline. Procedures must be established to address the requirement of external coating for corrosion control on each buried or submerged pipeline.

Nippon Response: Pages 25-28

K) 195.571 What criteria must I use to determine the adequacy of cathodic protection? Cathodic protection required by this subpart must comply with one or more of the applicable criteria and other considerations for cathodic protection contained in paragraphs 6.2 and 6.3 of NACE Standard RP0169-96.

At the time of the inspection, Nippon did not state the criteria used to determine the adequacy of cathodic protection in their procedures. Criteria must be established and addressed in procedure.

Nippon Response: Pages 25-28

L) 195.573 What must I do to monitor external corrosion control?

(a) Protected pipelines. You must do the following to determine whether cathodic protection required by this subpart complies with Sec. 195.571:
  (1) Conduct tests on the protected pipeline at least once each calendar year, but with intervals not exceeding 15 months. However, if tests at those intervals are impractical for separately protected short sections of bare or ineffectively coated pipelines, testing may be done at least once every 3 calendar years, but with intervals not exceeding 39 months.
  (2) Identify before December 29,2003 or not more than 2 years after cathodic protection is installed, whichever comes later, the circumstances in which a close-interval survey or comparable technology is practicable and necessary to accomplish the objectives of paragraph 10.1.1.3 of NACE Standard RP0169-96 (incorporated by reference, see Sec. 195.3).

(b) Unprotected pipe. You must reevaluate your unprotected buried or submerged pipe and cathodically protect the pipe in areas in which active corrosion is found, as follows:
  (1) Determine the 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.

(c) Rectifiers and other devices. You must electrically check for proper performance each device in the first column at the frequency stated in the second column.

(d)

(e) Corrective action. You must correct any identified deficiency in corrosion control as required by Sec. 195.401fbl. However. if the deficiency involves a it; an integrity management program under Sec. 195.452, you must correct the deficiency as required by sec 195.452(h)

At the time of the inspection, Nippon did not have a procedure to identify the circumstances in which a close-interval survey of comparable technology is practicable and necessary to accomplish objectives of 10.1.1.3 of NACE RP0169-96. Procedures must be established to accomplish the objectives of NACE RP0196-69, paragraph 10.1 .I. 3

Nippon Response: Page 25-28

M) 195.575 Which facilities must I electrically isolate and what inspections, tests, and safeguards are required?

(a) You must electrically isolate each buried or submerged pipeline from other metallic structures, unless you electrically interconnect and cathodically protect the pipeline and the other structures as a single unit.

(b) You must install one or more insulating devices where electrical isolation of a portion of a pipeline is necessary to facilitate the application of corrosion control.

(c) You must inspect and electrically test each electrical isolation to assure the isolation is adequate.
(d) If you install an insulating device in an area where a combustible atmosphere is reasonable to foresee, you must take precautions to prevent arcing.
(e) If a pipeline is in close proximity to electrical transmission tower footings, ground cables, or counterpoise, or in other areas where it is reasonable to foresee fault currents or an unusual risk of lightning, you must protect the pipeline against damage from fault currents or lightning and take protective measures at insulating devices.

At the time of the inspection, Nippon did not have procedures established to address electrical isolations. Procedures must be established to address electrical isolations.

Nippon Response: Pages 25-28

N) **195.577** What must I do to alleviate interference currents?
(a) For pipelines exposed to stray currents, you must have a program to identify, test for, and minimize the detrimental effects of such currents.
(b) You must design and install each impressed current or galvanic anode system to minimize any adverse effects on existing adjacent metallic structures.
At the time of the inspection, Nippon did not have procedures established to alleviate interference currents. Procedures must be established to alleviate interference currents.

Nippon Response: Pages 25-28

O) **195.579** What must I do to mitigate internal corrosion?
(a) General. If you transport any hazardous liquid or carbon dioxide that would corrode the pipeline, you must investigate the corrosive effect of the hazardous liquid or carbon dioxide on the pipeline and take adequate steps to mitigate internal corrosion.
(b)
(c) Removing pipe. Whenever you remove pipe from a pipeline, you must inspect the internal surface of the pipe for evidence of corrosion. If you find internal corrosion requiring corrective action under Sec. **195.585,** you must investigate circumferentially and longitudinally beyond the removed pipe (by visual examination, indirect method, or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the removed pipe.

At the time of the inspection, Nippon did not have procedures established to investigate the corrosive effect of the hazardous liquid on the pipeline or inspect the internal surface of the pipe when the pipe has been removed from the pipeline. At the time of the inspection, Nippon was utilizing coupons for monitoring internal corrosion. Procedures need to be established to investigate the corrosive effect of hazardous liquids on the pipeline and to inspect the internal surface of the pipe when removed from the pipeline.

Nippon Response: Pages 25-28

P) **195.581** Which pipelines must I protect against atmospheric corrosion and what coating material may I use?
(a) You must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.
(b) Coating material must be suitable for the prevention of atmospheric corrosion.

(c) Except portions of pipelines in offshore splash zones or soil-to air interfaces, you need not protect against atmospheric corrosion any pipeline for which you demonstrate by test, investigation, or experience appropriate to the environment of the pipeline that corrosion will-
(1) Only be a light surface oxide; or
(2) Not affect the safe operation of the pipeline before the next scheduled inspection.

At the time of the inspection, Nippon did not have procedures established addressing atmospheric corrosion. Procedures must be established to address atmospheric corrosion.

Nippon Response: Pages 25-28

Q) 195.583 What must I do to monitor atmospheric corrosion control?
(a) You must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows: If the pipeline is located: Then the frequency of inspection is: Onshore: At least once every 3 calendar years, but with intervals not exceeding 39 months Offshore: At least once each calendar year, but with intervals not exceeding 15 months
(b) During inspections you must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbanded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.
(c) If you find atmospheric corrosion during an inspection, you must provide protection against the corrosion as required by Sec. 195.581.

At the time of the inspection, Nippon did not have procedures established addressing atmospheric corrosion. Procedures must be established to address atmospheric corrosion.

Nippon Response: Pages 25-28

R) 195.585 What must I do to correct corroded pipe?
(a) General corrosion. If you find pipe so generally corroded that the remaining wall thickness is less than that required for the maximum operating pressure of the pipeline, you must replace the pipe. However, you need not replace the pipe if you—
(1) Reduce the maximum operating pressure commensurate with the strength of the pipe needed for serviceability based on actual remaining wall thickness: or
(2) Repair the pipe by a method that reliable engineering tests and analyses show can permanently restore the serviceability of the pipe.
(b) Localized corrosion pitting. If you find pipe that has localized corrosion pitting to a degree that leakage might result, you must replace or repair the pipe, unless you reduce the maximum operating pressure commensurate with the strength of the pipe based on actual remaining wall thickness in the pits.

At the time of the inspection, Nippon did not have procedures established addressing corroded pipe and its repair. Procedures must be established to address correcting corroded pipe.

Nippon Response: Pages 25-28

S) 195.587 What methods are available to determine the strength of corroded pipe? Under Sec. 195.585, you may use the procedure in ASME B31G, "Manual for Determining the Remaining Strength of Corroded Pipelines," or the procedure developed by AGA/Battelle, "A Modified Criterion for Evaluating the Remaining Strength of Corroded Pipe (with RSTRENG disk)," to determine the strength of corroded pipe based on actual remaining wall thickness. These procedures apply to corroded regions that do not penetrate the pipe wall, subject to the limitations set out in the respective procedures.

At the time of the inspection, Nippon did not have procedures established to determine the strength of corroded pipe. Procedures must be established to determine the remaining strength of corroded pipe.

Nippon Response: Pages 25-28

T) 195.589 What corrosion control information do I have to maintain?

(a) You must maintain current records or maps to show the location of—
  (1) Cathodically protected pipelines;
  (2) Cathodic protection facilities, including galvanic anodes, installed after January 28,2002; and
  (3) Neighboring structures bonded to cathodic protection systems.

(b) Records or maps showing a stated number of anodes, installed in a stated manner or spacing, need not show specific distances to each buried anode.

(c) You must maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist. You must retain these records for at least 5 years, except that records related to Secs. 195.569, 195.573(a) and (b), and 195.579(b)(3) and (c) must be retained for as long as the pipeline remains in service.

At the time of the inspection, Nippon did not have procedures established to addressing corrosion control information and its maintenance. Procedures must be established to addressing the type of corrosion control records and the retention time required for each type of record.

Nippon Response: Pages 25-28

3. 195.402 Procedural manual for operations, maintenance, and emergencies.

a.

b.

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:

4. Determining which pipeline facilities are located in areas that would require an immediate response by the operator to prevent hazards to the public if the facilities failed or malfunctioned.

At the time of the inspection, Nippon had determined the entire pipeline would require immediate response by the operator. procedures must be amended to address those specific areas that Nippon has determined to require immediate response.

Nippon Response: Pages 64-65

4. 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:
      5. Analyzing pipeline accidents to determine their causes.

      At the time of the inspection, Nippon did not address analyzing pipeline accidents. Procedures must be established to address analyzing pipeline accidents to determine their causes.

Nippon Response: Pages 64-65

5. 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:
      6. Minimizing the potential for hazards identified under paragraph (c)(4) of this section and the possibility of recurrence of accidents analyzed under paragraph (cj)5) of this section.

      At the time of the inspection, Nippon did not address minimizing the potential hazards identified or the possibility of recurrence of accidents analyzed. Procedures must be established to address minimizing potential hazards identified under (c)(4) and the possibility of recurrence of accidents analyzed under (c)(5).

Nippon Response: Pages 64-77

6. 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:
      10. Abandoning pipeline facilities, including safe disconnection from an operating pipeline system, purging of combustibles, and sealing abandoned facilities left in place to minimize safety and environmental hazards. For each abandoned offshore pipeline facility or each abandoned onshore pipeline facility that crosses over, under or through commercial; navigable waterways the last operator of that facility must file a report upon abandonment of that facility in accordance with $195.59 of this part.

      At the time of the inspection, Nippon did not address abandoning pipeline facilities. Procedures must be established to address abandoning. Pipeline facilities, including safe disconnection from an operating pipeline system, purging of combustibles, and sealing abandoned facilities left in place to minimize safety and environmental hazards. For each abandoned offshore pipeline facility or each abandoned onshore pipeline facility that crosses over, under or through commercially navigable waterways the last operator of that facility must file a report upon abandonment of that facility.

Nippon Response: Pages 64-77

7. 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:
   11. Minimizing the likelihood of accidental ignition of vapors in areas near facilities identified under paragraph (c)(4) of this section where the potential exists for the presence of flammable liquids or gases.

   At the time of the inspection, Nippon did not address minimizing the likelihood of accidental ignition of vapors in areas near facilities that should be identified by paragraph (c)(4). Procedures must be established to address minimizing the likelihood of accidental ignition of vapors in areas near facilities identified.

Nippon Response: Pages 64-77

8. 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.

   At the time of the inspection, the list of applicable contact agencies was not complete. Nippon must revise the applicable contact list to include all appropriate public officials for establishing and maintaining liaison with in case of emergencies.

Nippon Response:

9. 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:
      13. Periodically reviewing the work done by operator to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found.

   At the time of the inspection, Nippon did not address periodically reviewing the work done by the operator to determine the effectiveness of the procedures used in normal operations and maintenance and taking corrective actions where deficiencies are found. Procedures must be established to address periodically reviewing the work done for effectiveness of procedures used in normal operations and maintenance and taking corrective actions when found.

Nippon Response: Pages 64-77

10. 195.402 Procedural manual for operations, maintenance, and emergencies;
   d. Abnormal operation. The manual required by paragraph (a) of this section must include procedures for the following to provide safety when operating design limits have been exceeded;

2. Checking variations from normal operation after abnormal operation has ended at sufficient critical locations in the system to determine continued integrity and safe operation.

At the time of the inspection, Nippon did not address the continued review of normal operations after the abnormal operation has ended. Procedures must be developed to address the continued review of normal operations after the abnormal operation has ended.

Nippon Response: Pages 64-77

11. 195.402 Procedural manual for operations, maintenance, and emergencies;
d. Abnormal operation. The manual required by paragraph (a) of this section must include procedures for the following to provide safety when operating design limits have been exceeded;
3. Correcting variations from normal operation of pressure and flow equipment and controls.

At the time of the inspection, Nippon did not address correcting variations from normal operation of pressure and flow equipment and controls. Procedures must be developed to address correcting variations from normal operation of pressure and flow equipment and controls.

Nippon Response: Pages 64-77

12. 195.402 Procedural manual for operations, maintenance, and emergencies;
d. Abnormal operation. The manual required by paragraph (a) of this section must include procedures for the following to provide safety when operating design limits have been exceeded;
4. Notifying responsible operator personnel when notice of an abnormal operation is received.

At the time of the inspection, Nippon did not address notifying responsible operator personnel when notice of an abnormal operation is received. Procedures must be developed to address notifying responsible operator personnel when notice of an abnormal operation is received.

Nippon Response: Page 24

13. 195.402 Procedural manual for operations, maintenance, and emergencies;
d. Abnormal operation. The manual required by paragraph (a) of this section must include procedures for the following to provide safety when operating design limits have been exceeded;
5. Periodically reviewing the response of operator personnel to determine the effectiveness of the procedures controlling abnormal operation and taking corrective action where deficiencies are found.

At the time of the inspection, Nippon did not address periodically reviewing the response of operator personnel to determine the effectiveness of the procedures controlling abnormal operation and taking corrective action where deficiencies are found. Procedures must be developed to address periodically reviewing the response of operator personnel to determine the effectiveness of the procedures controlling abnormal operation and taking corrective action where deficiencies are found.

Nippon Response: Page 39

14. 195.402 Procedural manual for operations, maintenance, and emergencies.

e. Emergencies. The manual required by paragraph (a) of this section must include procedures for the following to provide safety when an emergency condition occurs;

1. Receiving, identifying, and classifying notices of events which need immediate response by the operator or notice to fire police or other appropriate public officials and communicating this information to appropriate operator personnel for corrective action.
2. Prompt and effective response to a notice of each type emergency, including fire or explosion occurring near or directly involving a pipeline facility, accidental release of hazardous liquid or carbon dioxide from a facility, operational failure causing a hazardous condition, and natural disaster affecting pipeline facilities.
3. Having personnel, equipment, instruments, tools, and material available as needed at the scene of an emergency.
4. Taking necessary action, such as emergency shutdown or pressure reduction, to minimize the volume of hazardous liquid or carbon dioxide that is released from any section of a pipeline in the event of a failure.
5. Control of released hazardous liquid or carbon dioxide at an accident scene to minimize the hazards, including possible intentional ignition in the cases of flammable highly volatile liquid.
6. Minimization of public exposure to injury and probability of accidental ignition by assisting with evacuation of residents and assisting with halting traffic on roads and railroads in the affected area, or taking other appropriate action.
7. Notifying fire, police, and other appropriate public officials of hazardous liquid or carbon dioxide pipeline emergencies and coordinating with them preplanned and actual responses during an emergency, including additional precautions necessary for an emergency involving a pipeline transporting a highly volatile liquid.
8.
9. Providing for a post accident review of employee activities to determine whether the procedures were effective in each emergency and taking corrective action where deficiencies are found.

At the time of the inspection, Nippon was in the process of developing an emergency manual to replace the Devon emergency manual. This addresses the missing sections. Procedures must be developed to provide safety when an emergency condition occurs.

Nippon Response: Pages 64-77

15. 195.402 Procedural manual for operations, maintenance, and emergencies.

f. Safety-related condition reports. The manual required by paragraph (a) of this section must include instructions enabling personnel who perform operation and maintenance activities to recognize conditions that potentially may be safety-related conditions that are subject to the reporting requirements of 195.55.

At the time of the inspection, Nippon did not have written instructions to recognize and report potential safety related conditions. Procedures must be developed to instruct personnel to recognize and report potential safety related conditions,

Nippon Response: Page 64-77

16. 195.505 Qualification Program Each operator shall have and follow a written qualification program. The program shall include provisions to:
    a. Identify covered tasks; Nippon's *OQ* Plan did not identify the following as covered tasks:
    a. Small pipe, fittings and tubing - PHMSA has determined that the operation and maintenance of small pipeline components needs to be addressed as a covered task.
    b. Excavation - the monitoring and inspection of actual excavation activities, as required by §192.614(c)(6)(i) and §195.442(c)(6)(i).

Nippon Response: See Nippon OQ Manual

17. 195.505 Qualification Program
    Each operator shall have and follow a written qualification program.

    The program shall include provisions to:

    (b) Ensure through evaluation that individuals performing covered tasks are qualified;

    Nippon's *OQ* Plan must be revised to:

    A. Address acceptance criteria for qualifications of contractors performing covered tasks.
    B. Include a process for managing qualifications of individuals performing covered tasks during program integration following a merger or acquisition.
    C. Provide for effective communication with qualified non-English speaking individuals performing covered tasks.

Nippon Response: See Nippon OQ Manual

18. 195.505 Qualification Program
    Each operator shall have and follow a written qualification program.
    The program shall include provisions to:
    c. Allow individuals that are not qualified pursuant to this subpart to perform a covered task if directed and observed by an individual that is qualified;

    Nippon's *OQ* Plan must be revised to:
    a. Include a reasonable span of control (ratio of non-qualified to qualified individuals), specified for each covered task. The spans of control should be established through the use of a comparative analysis (one which assesses the relative difficulty, importance, and frequency of performance of the various tasks, commonly known as a "DIF" analysis). In addition, provide guidance, by example, concerning conditions that indicate when the span of control should be reduced from the established maximum.
    b. Provide for the effective direction and observation of non-qualified, non-English speaking individuals in their native language.

Nippon Response: See Nippon OQ Manual

19. 195.505 Qualification Program
    Each operator shall have and follow a written qualification program.
    The program shall include provisions to:
    d. Evaluate an individual if the operator has reason to believe that the individual's performance of a covered task contributed to an incident as defined in Part 191;
    Nippon's *OQ* Plan must be revised to:
    a. Redefine "accident" to meet the definition found in 49 CFR 3195.50.

b. Address the interchangeable use of "accident" and "incident" and explain how these terms are to be used within the context of the Rule.

Nippon Response: See Nippon OQ Manual

20. **195.505** Qualification Program
Each operator shall have and follow a written qualification program.
The program shall include provisions to:
f. Communicate changes that affect covered tasks to individuals performing those covered tasks;

At the time of inspection, Nippon did not address the communication of changes made to the initial and subsequent evaluations. Nippon OQ Plan must be revised in the management of change section to address the communications of changes made to initial and subsequent evaluations.

Nippon Response: See Nippon OQ Manual

21. **195.505** Qualification Program
Each operator shall have and follow a written qualification program.
The program shall include provisions to:
h) After December **16,2004,** provide training, as appropriate, to ensure that individuals performing covered tasks have the necessary knowledge and skills to perform the tasks in a manner that ensures the safe operation of pipeline facilities;

At the time of inspection, Nippon did not address training of contractor individuals performing covered tasks. Nippon's OQ Plan must be revised to address specific language regarding the training of contractor individuals performing covered tasks on Nippon pipeline facilities.

Nippon Response: See Nippon OQ Manual

22. **195.505** Qualification Program
Each operator shall have and follow a written qualification program.
The program shall include provisions to:
(i) After December **16, 2004,** notify the Administrator or a state agency participating under **49** U.S.C. Chapter **601** if the operator significantly modifies the program after the Administrator or state agency has verified that it complies with this section.

At the time of inspection, Nippon did not address the notifications to the appropriate agencies when significant modifications are made to the OQ program. Nippon's OQ Plan must be revised to address the notifications to the appropriate agencies when significant modifications are made to their OQ program.

Nippon Response: See Nippon OQ Manual