



U.S. Department
of Transportation

Pipeline and Hazardous
Materials Safety
Administration

1200 New Jersey Avenue, SE
Washington, D.C. 20590

APR 22 2013

Mr. Steve Pankhurst
President
BP Pipeline (North America) Inc.
150 W. Warrenville Rd.
Naperville, IL 60563

Re: CPF No. 4-2013-5002

Dear Mr. Pankhurst:

Enclosed please find the Final Order issued in the above-referenced case. It makes a finding of violation and specifies actions that need to be taken by BP Pipeline (North America) Inc. to comply with the pipeline safety regulations. When the terms of the compliance order have been completed, as determined by the Director, Southwest Region, this enforcement action will be closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. R.M. Seeley, Director, Southwest Region, OPS
Mr. Alan Mayberry, Deputy Associate Administrator for Field Operations, OPS

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

In the Matter of

BP Pipeline (North America) Inc.,

Respondent.

CPF No. 4-2013-5002

FINAL ORDER

From August 6-10, 2012, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the offshore liquid transmission facilities and records of BP Pipeline (North America) Inc. (BP or Respondent) in Houma, Louisiana. BP Pipelines transports over 450 million barrel miles of oil, refined products, natural gas liquids, carbon dioxide and chemicals daily throughout the United States. BP is the largest producer of oil and gas and the largest leaseholder in the deepwater Gulf of Mexico. The company produces over 200,000 barrels per day (32,000 m³/d) of oil equivalent in the region. It operates four out of the seven largest drilling platforms in the region¹

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated January 11, 2013, a Notice of Probable Violation and Proposed Compliance Order (Notice), which also included a warning pursuant to 49 C.F.R. § 190.205. In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that BP had violated 49 C.F.R. § 195.9 and proposed ordering Respondent to take certain measures to correct the alleged violation. The warning item required no further action, but warned the operator to correct the probable violation or face possible enforcement action.

BP responded to the Notice by letter dated February 19, 2013 (Response). The company did not contest the allegation of violation and stated the company would comply with the proposed compliance order. Respondent did not request a hearing and therefore has waived its right to one.

FINDING OF VIOLATION

In its Response, BP did not contest the allegation in the Notice that it violated

¹ <http://bppipelines.com/> (last visited April 12, 2013).

49 C.F.R. Part 195, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.9, which states:

§ 195.9 Outer continental shelf pipelines.

Operators of transportation pipelines on the Outer Continental Shelf must identify on all their respective pipelines the specific points at which operating responsibility transfers to a producing operator. For those instances in which the transfer points are not identifiable by a durable marking, each operator will have until September 15, 1998 to identify the transfer points. If it is not practicable to durably mark a transfer point and the transfer point is located above water, the operator must depict the transfer point on a schematic maintained near the transfer point. If a transfer point is located subsea, the operator must identify the transfer point on a schematic which must be maintained at the nearest upstream facility and provided to PHMSA upon request. For those cases in which adjoining operators have not agreed on a transfer point by September 15, 1998 the Regional Director and the MMS Regional Supervisor will make a joint determination of the transfer point.

The Notice alleged that Respondent violated 49 C.F.R. § 195.9 by failing to identify on all its respective pipelines the specific points at which operating responsibility transfers to a producing operator. PHMSA audited the schematics for five offshore facilities and found that four of the drawings had inconsistencies. Specifically, BP's schematics had demarcations for transfer points but the drawings were not consistent throughout and had not been clearly marked to identify where piping had changed from production to transportation for certain offshore platforms/spars facilities.² The regulation requires all transportation operators to identify on all of their respective pipelines the specific points at which operating responsibility transfers to a producing operator.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.9 by failing to identify the demarcation point between production and transportation pipeline facilities on the schematics for four offshore platforms/spars facilities.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

² A review of the record revealed two examples. First, the schematics for Atlantis identified MMS as the demarcation for production and DOT as the demarcation for transportation, rather than a description of the producing operator and the transporting operator. Second, on the corner of the schematics for Thunderhorse and Holstein, there was no indication of the transporting operator and producing operator for these subsea facilities. *Violation Report, Exhibit A.*

COMPLIANCE ORDER

The Notice proposed a Compliance Order with respect to Item 1 in the Notice for violations of 49 C.F.R. § 195.9, respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 195.9 (**Item 1**), Respondent must amend its schematics to clearly identify the points at which operating responsibility transfers to a producing operator. The identification of the transfer points must be consistent on the schematics for all respective pipelines.
2. Complete Item 1 within 30 days of receipt of this Order and provide written documentation to the Director demonstrating that Item 1 has been completed within 45 days of receipt of this Order.
3. It is requested (not mandated) that BP maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director. It is requested that these costs be reported in two categories: (1) total cost associated with preparation or revision of plans, procedures, studies, and analyses; and (2) total cost associated with repairs, replacements, additions, and other changes to physical pipeline facilities.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$200,000 for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

WARNING ITEM

With respect to Item 2, the Notice alleged probable violation of Part 195 but did not propose a civil penalty or compliance order for this item. Therefore, this is considered to be a warning item. The warning was for:

49 C.F.R. § 195.420(c) (**Item 2**) — Respondent's alleged failure to protect its valves on the Ship Shoal 332B Platform from unauthorized operation and vandalism.

Accordingly, having considered such information, I find, pursuant to 49 C.F.R. § 190.205, that probable violation of 49 C.F.R. § 195.420(c) (Notice Item 2) has occurred and Respondent is hereby advised to correct such conditions. In the event that OPS finds a violation of this provision in a subsequent inspection, Respondent may be subject to future enforcement action.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.



Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

APR 22 2013

Date Issued