



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

400 Seventh Street, S.W.
Washington, D.C. 20590

APR 25 2006

By Federal Express and Telefax: (907-564-4264)

Bernard Looney
Senior Vice President for Alaska Consolidated Team
BP Exploration (Alaska) Inc.
P.O. Box 196612
Anchorage, AK 99519

Re: CPF No. 5-2002-5024M

Dear Mr. Looney:

Enclosed is the Order Directing Amendment issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It makes a finding of inadequate procedures and requires that you amend your integrity management program procedures. When the terms of the Order are completed, as determined by the Director, Western Region, OPS, this enforcement action will be closed. Your receipt of the Order Directing Amendment constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

James Reynolds
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosure

**DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, DC 20590**

In the Matter of

BP Exploration (Alaska) Inc.,

Respondent

CPF No. 5-2002-5024M

ORDER DIRECTING AMENDMENT

On April 10 and 11, 2002, pursuant to 49 U.S.C. § 60117, representatives of the Office of Pipeline Safety (OPS), conducted an inspection of Respondent's Integrity Management Program (IMP) in Anchorage, Alaska. As a result of the inspection, the Director, Western Region, OPS, issued to Respondent, by letter dated June 24, 2002, a Notice of Amendment (NOA). The NOA alleged inadequacies in Respondent's IMP and proposed to require amendment of Respondent's procedures to ensure safe operation of Respondent's pipeline facility.

In a letter dated July 19, 2002, Respondent replied to the NOA by requesting a 120 day extension and indicating its intent to implement OPS's recommendations. OPS granted the extension. Respondent submitted its amended procedures by letter dated October 31, 2002. Respondent did not contest the NOA and did not request a hearing; consequently Respondent waived its right to one. Respondent submitted amended IMP procedures to address the inadequacies cited in the NOA, and, in its response, explained the changes it had made. The Director, Western Region, reviewed the amended procedures. Based on the results of that review, I find that Respondent's original IMP procedures, as described in the NOA, were inadequate to ensure safe operation of its pipeline system.

With respect to Item 1a of the NOA, Respondent amended its procedures to consider a broader range of leak sizes and pipeline characteristics in calculating buffer zones and stream transport. These procedures are necessary for proper identification of pipeline segments that may affect any and all types of HCAs. Respondent provided its Oil Discharge Prevention and Contingency Plan (ODPCP) as the basis for the water transport

analysis portion of its segment identification program. The ODPCP does not consider impacts to HCAs in its assessment of potential releases to water. The regulations set forth at 49 C.F.R. 195.452(b)(2) require the inclusion of any pipeline segment that could affect a HCA. Since the ODPCP does not address HCAs, Respondent's water transport analysis remains insufficient.

Regarding Item 1b, several of Respondent's pipelines directly intersect Drinking Water HCAs as defined by the National Pipeline Mapping System (NPMS). Respondent's current IMP segment identification process excludes impacts on certain Drinking Water HCAs. Respondent argues that alternate drinking water sources are available for each potential Drinking Water HCA. Respondent contends, therefore, that these areas do not meet the regulatory definition of HCAs. In reaching the conclusion that the areas in question are not HCAs, Respondent has failed to perform an adequate water transport analysis.

A proper water transport analysis is a required component of a comprehensive segment identification program. Mere identification of alternate drinking water resources, without a determination of how they could be affected by water transport or other direct or indirect processes, in the event of a spill, is insufficient. Respondent's failure to include these segments, or justify their exclusion based on a well documented finding of no possible impact, is inconsistent with the requirements of the regulations.

With respect to Item 1c, Respondent continues to exclude some direct pipeline intersections with North Slope Ecological HCAs because it finds that impacts on the spectacled eider population and/or habitat would be minimal. Section 195.452(a) specifically requires IMP planning for any pipeline segment that could affect an HCA; regardless of the magnitude of the potential impact. Respondent's Spectacled Eider study confirms the possibility of impact. Therefore, Respondent cannot exclude pipeline segments on this basis.

In general, Respondent's risk assessment concludes that the only portion of its North Slope pipeline system that can affect HCA is the offshore portion of the Northstar pipeline. Again, Section 195.452(a) requires that IMP planning must include all pipeline segments that could affect any HCA. Respondent must carefully revisit its IMP and include any pipeline segment where there is any possibility of impact to an HCA.

Accordingly, based on the results of this review, I find that Respondent's IMP procedures remain inadequate to ensure safe operation of its pipeline system. Pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237, Respondent is ordered to make the following revisions to its integrity management program procedures. Respondent must -

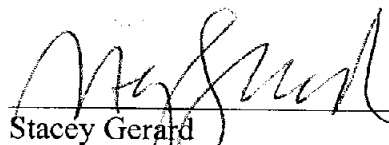
1. Modify its IMP segment identification process to include all pipeline segments on the North Slope that are located in any HCA or that otherwise could affect any HCA. Only by demonstration, through risk assessment, that a pipeline segment could not affect an HCA, can such an area be excluded from Respondent's IMP.

2. Perform segment identification utilizing the most current available information, including but not limited to the 2000 census data.
3. Modify the water transport analysis portion of its segment identification process to include any impacts to any HCAs; taking into consideration the variety of seasonal conditions that exist on the North Slope. In particular, water transport analysis must consider the differing conditions posed by heavy spring flooding, winter ice, and summer environments.
4. Submit the amended procedures to the Director, Western Region, OPS within 30 days following receipt of this Order Directing Amendment. With respect to the submission of amended procedures, the Director may notify respondent if any or all of the procedures have been amended satisfactorily, or if further modification is necessary, require respondent to modify the submission to cure deficiencies. If the Director finds deficiencies and orders further modification, Respondent must proceed to take all action to correct its procedures to comply with the Director's order. Respondent must correct all deficiencies within the time specified by the Director, and resubmit the procedures for review. If a resubmitted item is disapproved in whole or in part, the Director may again require Respondent to correct the deficiencies in accordance with the foregoing procedure, or the Director may otherwise proceed to enforce the terms of this Order.

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 demonstrating good cause for an extension.

Failure to comply with this Order may result in the assessment of administrative civil penalties of up to \$100,000 per violation per day, or in the referral of the case for judicial enforcement.

The terms and conditions of this Order Directing Amendment are effective upon receipt.



Stacey Gerard
Associate Administrator for Pipeline Safety

APR 25 2006

Date Issued