



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

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12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 10, 2008

Mr. Keith Wenal
Manager
Venoco Incorporated
6267 Carpinteria Ave., #100
Carpinteria, CA 93103

CPF 5-2008-1006W

Dear Mr. Wenal:

On July 23 to 27, 2007, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Venoco Incorporated's (Venoco) Integrity Management Program (IMP) in Carpinteria, California.

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

1. **§ 192.911 What are the elements of an integrity management program?**

An operator's initial integrity management program begins with a framework (see §192.907) and evolves into a more detailed and comprehensive integrity management program, as information is gained and incorporated into the program. An operator must make continual improvements to its program. The initial program framework and subsequent program must, at minimum, contain the

following elements. (When indicated, refer to ASME/ANSI B31.8S (incorporated by reference, see §192.7) for more detailed information on the listed element.)

(c) An identification of threats to each covered pipeline segment, which must include data integration and a risk assessment. An operator must use the threat identification and risk assessment to prioritize covered segments for assessment (§192.917) and to evaluate the merits of additional preventive and mitigative measures (§192.935) for each covered segment.

Venoco's IMP plan failed to verify that data elements were brought together and analyzed in their context such that integrated data can provide improved confidence with respect to determining the relevance of specific threats and can support an improved analysis of overall risk.

2. § 192. 911 What are the elements of an integrity management program?

(h) Provisions meeting the requirements of §192.935 for adding preventive and mitigative measures to protect the high consequence area.

§ 192.935 What additional preventive and mitigative measures must an operator take?

(b) Third party damage and outside force damage—

(1) Third party damage. An operator must enhance its damage prevention program, as required under §192.614 of this part, with respect to a covered segment to prevent and minimize the consequences of a release due to third party damage. Enhanced measures to an existing damage prevention program include, at a minimum—

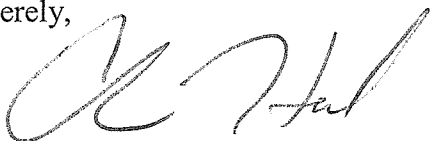
(iv) Monitoring of excavations conducted on covered pipeline segments by pipeline personnel. If an operator finds physical evidence of encroachment involving excavation that the operator did not monitor near a covered segment, an operator must either excavate the area near the encroachment or conduct an above ground survey using methods defined in NACE RP-0502-2002 (incorporated by reference, see §192.7). An operator must excavate, and remediate, in accordance with ANSI/ASME B31.8S and §192.933 any indication of coating holidays or discontinuity warranting direct examination.

Venoco's IMP plan failed to address preventive and mitigative requirements regarding threats due to third-party damage such as the implementation of enhancements to the required Damage Prevention Program with respect to covered segments to prevent and minimize the consequences of a release.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,00 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item identified in this letter. Failure to do so will result Venoco Incorporated being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2008-1006W**. Be advised that all material you submit in response to this enforcement action is subject to being 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).

Sincerely,



Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 P Nguyen (#119231)