



U.S. Department  
of Transportation

**Pipeline and Hazardous  
Materials Safety Administration**

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

OCT 12 2006

Mr. Timothy Collins  
President  
Blacksand Energy, Inc.  
1801 Broadway, Suite 550  
Denver, CO 80202

Re: CPF No. 5-2005-0019

Dear Mr. Collins:

Enclosed is the Final Order issued by the Acting Associate Administrator for Pipeline Safety in the above-referenced case. It makes a finding of violation, assesses a civil penalty of \$5,000 for that violation, and specifies actions to be taken to comply with the pipeline safety regulations. I acknowledge receipt of and accept your wire transfer for \$5,000 as payment in full of the civil penalty assessed in the Final Order. When the terms of the Compliance Order are completed, as determined by the Director, Western Region, PHMSA, this enforcement action will be closed. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

James Reynolds  
Pipeline Compliance Registry  
PHMSA-Office of Pipeline Safety

Enclosure

cc: Mr. Chris Hoidal, P.E., Director Western Region, PHMSA

**CERTIFIED MAIL – RETURN RECEIPT REQUESTED**

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

In the Matter of	)	
	)	
Blacksand Energy, Inc.	)	CPF No. 5-2005-0019
	)	
Respondent	)	
	)	

**FINAL ORDER**

On March 31, 2005, pursuant to 49 U.S.C. § 60117, representatives of the Pipeline and Hazardous Materials Safety Administration's (PHMSA's) Office of Pipeline Safety conducted an on-site pipeline safety inspection of Respondent's Operator Qualification (OQ) of Pipeline Personnel program in Brea, California. As a result of the inspection, the Director, Western Region, PHMSA, issued to Respondent, by letter dated October 17, 2005, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent committed a violation of 49 C.F.R. Part 192, and proposed assessing a civil penalty of \$5,000 for the alleged violation. The Notice also proposed ordering Respondent to take certain measures to correct the alleged violation.

Respondent responded to the Notice by letter dated November 10, 2005 (Response). Respondent did not contest the allegations and agreed to pay the proposed civil penalty, waiving further right to respond and authorizing the entry of this Final Order. Respondent also stated in its Response that it would submit a written qualification program for approval.

**FINDING OF VIOLATION**

In its Response, Respondent did not contest the alleged violation in the Notice. Accordingly, I find that Respondent violated the following section of 49 C.F.R. Part 192, as more fully described in the Notice:

Item 1— 49 C.F.R. § 192.809—failing to have a written Operator Qualification program for its pipeline personnel in place.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent. Having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$5,000, already paid by Respondent.

## COMPLIANCE ORDER

The Notice proposed a Compliance Order with respect to the violation. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas 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. Respondent must--

1. Provide a written OQ program applicable to its pipeline that addresses all requirements, including provisions to:
  - a. Identify covered tasks;
  - b. Ensure through evaluation that individuals performing covered tasks are qualified;
  - c. Allow individuals that are not qualified pursuant to 49 C.F.R. § 192 Subpart N to perform a covered task if directed and observed by an individual that is qualified;
  - d. Evaluate an individual if Respondent has reason to believe that the individual's performance of a covered task contributed to an accident as defined in Part 191;
  - e. Evaluate an individual if Respondent has reason to believe that the individual is no longer qualified to perform covered task;
  - f. Communicate changes that affect covered tasks to individuals performing these covered tasks; and
  - g. Identify those covered tasks and the intervals at which evaluation of the individual's qualifications is needed.
  
2. Maintain records that demonstrate compliance with 49 C.F.R. § 192 Subpart N.
  - a. Qualification records shall include:
    - i. Identification of qualified individuals;
    - ii. Identification of the covered tasks the individual is qualified to perform;
    - iii. Dates of current qualifications; and
    - iv. Qualification methods.
  
  - b. Records supporting an individual's current qualification shall be maintained while the individual is performing the covered task. Records of prior qualification and records of individuals no longer performing covered tasks shall be retained for a period of five years.
  
3. Respondent shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Director, Western

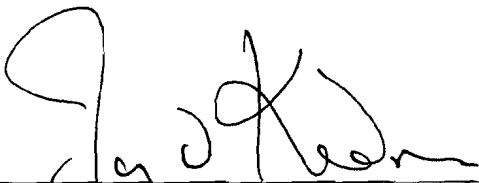
Region, PHMSA. Costs shall be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.

- 4. Within 60 days of receipt of the Final Order, submit documentation of procedures, costs and evidence of actions taken to the Director, Western Region, Pipeline and Hazardous Materials Safety Administration, 12300 West Dakota Avenue, Suite 110, Lakewood, Colorado 80228. Please refer to CPF No. 5-2005-0019 on any correspondence or communication in these matters.

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 Final Order may result in the assessment of 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 Final Order are effective on receipt.



*for*  
\_\_\_\_\_  
Theodore L. Willke  
Acting Associate Administrator  
for Pipeline Safety

OCT 12 2006

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Date Issued