

Mr. Glenn Simpson
President
Conoco Pipe Line Company
600 N. Dairy Ashford Road
Room CH2110
Houston, TX 77079

Re: CPF No. 46506

Dear Mr. Simpson:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It makes a finding of violation and assesses a civil penalty of \$12,000. The penalty payment terms are set forth in the Final Order. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5. This enforcement action closes automatically upon payment of the assessed civil penalty.

Sincerely,

Gwendolyn M. Hill
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosure

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

DEPARTMENT OF TRANSPORTATION
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, DC 20590

In the Matter of)
)
Conoco Pipe Line Company,)
) CPF No. 46506
Respondent.)
_____)

FINAL ORDER

On June 26-30, 1995, pursuant to 49 U.S.C. § 60117, a representative of the Office of Pipeline Safety (OPS) conducted an inspection of Respondent's pipeline facilities and records in Oklahoma City, Ponca City and Glenpool, Oklahoma. As a result of the inspection, the Director, Southwestern Region, OPS, issued to Respondent, by letter dated March 20, 1996, 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 had violated 49 C.F.R. §§ 195.401(b) and 195.402(a), proposed assessing a civil penalty of \$12,000 for one of the alleged violations, and proposed that Respondent take certain measures to correct the other alleged violation.

Respondent responded to the Notice by letter dated April 11, 1996 (Response). Respondent contested the allegations and objected to the amount of the proposed civil penalty and to the terms of the proposed compliance order. Respondent did not request a hearing and therefore, has waived its right to one.

FINDINGS OF VIOLATION

The Notice alleged that Respondent violated 49 C.F.R. §192.401(b) requiring an operator to correct an unsafe condition within a reasonable time after discovery of the condition. The Notice alleged that Respondent's cathodic protection test records showed several test locations with low cathodic protection readings (below the -0.850 volt standard Respondent had established) for two and three years. The Notice cited low test readings on Respondent's 8-inch Ponca City to Oklahoma City line, 12-inch Wichita Falls to Ponca City line, Glenpool Pump Station and Glenpool South Tankage.

With respect to the consecutive two-year low readings at test stations on the 8-inch Ponca City to Oklahoma City line, Respondent said that it had taken action in 1994 and 1995 to improve the readings by replacing groundbeds at three mileposts. Respondent said these groundbed replacements improved the readings, although they were still below criterion during the April 1995 survey. Respondent said that based

on the results of a close interval survey in April 1996, it would then take further action.

On the 12-inch Wichita Falls to Ponca City Line, Respondent agreed that there were low readings during the April 1994 survey. Respondent said that it replaced the negative leads to the rectifier and that the next survey in 1995 showed an increase in cathodic protection coverage, although still below criterion. Respondent explained that the 8-inch Ponca City to Oklahoma City line runs parallel to this 12-inch line and both share a rectifier at the milepost where the low reading occurred. Respondent said it had lowered and reconditioned the 8-inch line to increase the coverage from the rectifier on the 12-inch line.

At the Glenpool Pump Station, Respondent acknowledged that the pipe-to-soil readings in 1993, 1994 and 1995 were deficient, but that they were only minutely so. Respondent said it had corrected the low readings by installing magnesium anodes at the location.

At the cited locations at the Glenpool South Tankage that had low readings in 1993 and 1994, Respondent maintained that it had corrected the low readings in late 1994 and early 1995 by installing anode-flex.

I acknowledge that Respondent took action to address the low pipe-to-soil readings. However, the actions were not adequate to correct the situation within a reasonable period. Respondent should have implemented the actions before the next inspection cycle, rather than wait for two or three cycles of low readings to begin action. Generally, low readings are to be corrected before the next inspection cycle. Furthermore, once Respondent took action, for the most part, they were not adequate to correct the problem so the problem persisted. The actions were not supported by evaluation and field analyses, and essential communication between corrosion experts and field technicians to address the deficiencies within a reasonable period.

Accordingly, I find that Respondent violated 49 C.F.R. §192.401(b) for not correcting the inadequate levels of cathodic protection at the cited locations on its pipeline system within a reasonable time.

The Notice also alleged that Respondent did not have a procedure that addresses bare protected pipelines, in violation of 49 C.F.R. §195.402(a). The regulation requires an operator to prepare and follow for each pipeline system a manual of written procedures for operations, maintenance and emergencies. The Notice alleged that Respondent was using the -.850 volt criterion as a target for the two 10-inch HVL lines rather than as a required criterion for cathodic protection on the lines.

Respondent contended that the bare criterion it applies to the 10-inch lines is adequate to ensure protection of the system and that it conducts the required close interval surveys to ensure compliance and conducts annual pipe-to-soil surveys and reads rectifiers on a bi-monthly basis. Respondent also pointed out that OPS's Central Region had accepted Respondent's revised cathodic protection procedures for protection of bare pipelines as adequate for that portion of Respondent's system in the Central Region.

Since the inspection the OPS Regions have discussed the adequacy of Respondent's cathodic protection

procedures to protect bare pipe and the Southwest Region has had further technical discussions with Respondent about its procedures addressing bare pipe criteria. The Region has recommended that this allegation be withdrawn. I concur in this recommendation. Accordingly, the allegation of violation is withdrawn.

The finding of violation made with respect to Item 1 will be considered a prior offense in any subsequent enforcement action taken against Respondent.

WARNING ITEM

Item 3 in the Notice alleged that Respondent in 1994 had failed to conduct pipe-to-soil readings on two test stations. The Notice did not propose a civil penalty or required corrective action for this item; therefore, it is considered a warning item. In its Response, Respondent acknowledged that it had not taken the readings in 1994 but said this was an oversight as readings had been taken in 1993 and 1995.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to a civil penalty not to exceed \$25,000 per violation for each day of the violation up to a maximum of \$500,000 for any related series of violations. The Notice proposed a civil penalty of \$12,000 for violation of § 195.401(b).

49 U.S.C. § 60122 and 49 C.F.R. § 190.225 require that, in determining the amount of the civil penalty, I consider the following criteria: nature, circumstances, and gravity of the violation, degree of Respondent's culpability, history of Respondent's prior offenses, Respondent's ability to pay the penalty, good faith by Respondent in attempting to achieve compliance, the effect on Respondent's ability to continue in business, and such other matters as justice may require.

Respondent asked that the civil penalty amount be reduced to \$5,000.

Consistent low cathodic protection readings indicate that a pipeline is not receiving adequate cathodic protection. Without adequate cathodic protection, corrosion can occur resulting in a pipeline failure. A failure in a line carrying hazardous liquids, particularly highly volatile liquids, poses a danger to the public and the environment. I do not see a reason to mitigate the proposed amount.

Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a total civil penalty of \$12,000.

Payment of the civil penalty must be made within 20 days of service. Federal regulations (49 C.F.R. § 89.21(b)(3)) require this **payment be made by wire transfer**, through the Federal Reserve Communications System (Fedwire), to the account of the U.S. Treasury. **Detailed instructions are contained in the enclosure.** After completing the wire transfer, send a copy of the **electronic funds**

transfer receipt to the **Office of the Chief Counsel** (DCC-1), Research and Special Programs Administration, Room 8407, U.S. Department of Transportation, 400 Seventh Street, SW, Washington, DC 20590-0001.

Questions concerning wire transfers should be directed to: Financial Operations Division (AMZ-120), Federal Aviation Administration, Mike Monroney Aeronautical Center, P.O. Box 25770, Oklahoma City, OK 73125; (405) 954-4719.

Failure to pay the \$12,000 civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 C.F.R. § 901.9 and 49 C.F.R. § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in an United States District Court.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 2 to require Respondent to revise its cathodic protection procedures to reference specific criteria for bare pipe. As discussed above this allegation concerning §195.402(a) has been withdrawn; therefore, no compliance action will be required with respect to this item.

Under 49 C.F.R. § 190.215, Respondent has a right to petition for reconsideration of this Final Order. The petition must be received within 20 days of Respondent's receipt of this Final Order and must contain a brief statement of the issue(s). The filing of the petition automatically stays the payment of any civil penalty assessed. All other terms of the order, including any required corrective action, shall remain in full effect unless the Associate Administrator, upon request, grants a stay. The terms and conditions of this Final Order are effective upon receipt.

Stacey Gerard
Associate Administrator
for Pipeline Safety

Date Issued