



U.S. Department
of Transportation

**Pipeline and Hazardous
Materials Safety Administration**

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

DEC 11 2006

Mr. Hank A. True III
President
Belle Fourche Pipeline Company
895 W. River Cross Road
Casper, WY 82602

Re: CPF No. 5-2004-5010

Dear Mr. True:

Enclosed is the Final Order issued by the Acting Associate Administrator for Pipeline Safety in the above-referenced case. It withdraws one of the allegations of violation, makes findings of violation and assesses a civil penalty of \$61,500. The Final Order also specifies actions to be taken to comply with the pipeline safety regulations and revision of certain operating and maintenance procedures. The penalty payment terms are set forth in the Final Order. When the civil penalty is paid and the terms of the Compliance Order and Amendment of Procedures are completed, as determined by the Director, Western Region, this enforcement action will be closed. Your receipt of the Final Order constitutes service 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
Mr. Manuel A. Lojo, Esq.
P.O. Drawer 2360
Casper, WY 82602

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)	
)	
Belle Fourche Pipeline Company,)	CPF No. 5-2004-5010
)	
Respondent)	
)	

FINAL ORDER

Between August 18 and 22, 2003, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration's (PHMSA's)¹ Office of Pipeline Safety conducted an on-site pipeline safety inspection of Respondent's hazardous liquid pipeline facilities in Montana and Wyoming and supporting Operation and Maintenance records in Casper, Wyoming. As a result of the inspection, the Director, Western Region, PHMSA, issued to Respondent, by letter dated May 19, 2004, a Notice of Probable Violation, Proposed Civil Penalty, Proposed Compliance Order, and Notice of Amendment (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent committed violations of 49 C.F.R. Part 195, proposed assessing a civil penalty of \$67,500 for the alleged violations, and proposed ordering Respondent to take certain measures to correct the alleged violations. The Notice also proposed, in accordance with 49 C.F.R. § 190.237, that Respondent amend its procedures/plans.

Respondent responded to the Notice in a letter dated June 24, 2004, later supplemented in a letter dated November 2, 2004 per PHMSA's request for additional information (Response). Subsequently, PHMSA issued an Amendment to the Notice on April 5, 2005. Respondent responded to the amended Notice in a letter dated May 3, 2005 (May 3, 2005 correspondence included in "Response"). Respondent contested many of the allegations, offered information to explain the allegations, and requested that the proposed civil penalty be reduced. Respondent did not request a hearing, and therefore has waived its right to one.

¹ Effective February 20, 2005, the Pipeline and Hazardous Materials Safety Administration (PHMSA) succeeded Research and Special Programs Administration as the agency responsible for regulating safety in pipeline transportation and hazardous materials transportation. See, section 108 of the Norman Y. Mineta Research and Special Programs Improvement Act (Public Law 108-426, 118 Stat. 2423-2429 (November 30, 2004)). See also, 70 Fed. Reg. 8299 (February 18, 2005) re delegating the pipeline safety authorities and functions to the PHMSA Administrator.

FINDINGS OF VIOLATION

Item 1 in the Notice alleged Respondent violated 49 C.F.R. § 195.1(a), (b)(1-4) and § 195.402(a) in that Respondent did not include the 8-inch line segment that connects its 10-inch diameter pipeline at the Elk Creek pump station to its 12-inch diameter pipeline at the Donkey Creek pump station in its operations, maintenance, and emergency procedures manual as required by 49 C.F.R. §195.402(a).

In its June 24, 2004 letter, Respondent indicated that the 8- and 10-inch pipelines at issue had been purged and abandoned. PHMSA then requested that Respondent provide a map showing the location of those abandoned pipelines. In its November 2, 2004 letter, Respondent provided a map that depicts only a portion of the pipeline at issue as having been abandoned. The balance that has not been abandoned is depicted on its map as being 8- and 10-inch gathering only. Since a portion of this line is depicted as being 10-inch, it cannot be a gathering line as per the definition in 49 C.F.R. §195.2 that states “Gathering line means a pipeline 219.1 mm (8 5/8 in) or less nominal outside diameter that transports petroleum from a production facility.” With the changes to this pipeline system, the Compliance Order below is amended to address Respondent’s operational changes.

Accordingly, I find that Respondent violated 49 C.F.R. § 195.1 (a), (b)(1-4) and § 195.402(a) in the Notice.

Item 2 of the Notice proposed a civil penalty of \$25,500 for violation of 49 C.F.R. §§ 195.50(b) and 195.54(a) in that Respondent failed to report a 120-barrel spill that occurred at its Alzada pump station pig launching facilities on June 10, 2003 within the required 30-day period. This accident was not reported for 86 days, which was 56 days beyond the 30 days allowed by Federal regulation.

In its June 24, 2004 letter, Respondent stated that it did not contest the violation but that it requested the penalty be substantially reduced. In support of the reduction, Respondent stated that the spill was wholly contained within a containment dike and has been used as an opportunity to underscore to employees the importance of timely reporting of all spills. Here, the Respondent did not report the spill until a PHMSA inspector observed the spill, which was 86 days after the spill and 56 days after the latest that it should have been reported.

Accordingly, I find that Respondent violated 49 C.F.R. §§ 195.50(b) and 195.54(a) in the Notice.

Item 3 in the Notice alleged Respondent violated 49 C.F.R. § 195.303 in that Respondent incorrectly applied the Risk-based alternative to pressure testing for the following pipelines:

1. 8-inch segment between Alzada and Belle Creek built in 1966;
2. 10-inch line from Belle Creek to Highway 14-16 built in 1966; and
3. 12-inch line from Donkey Creek to Guernsey built in 1968.

Respondent did a metallurgical seam evaluation on samples of the 12-inch line in May of 2000, but it did not have sufficient construction documentation to verify that all of the 12-inch line was of the same quality as the pipe samples tested. For the 8-inch segment between Alzada and Belle Creek and the 10-inch line from Belle Creek to Highway 14-16, Respondent did not complete a metallurgical seam evaluation nor did it hydro test these pipeline segments.

In its June 24, 2004 letter, Respondent stated that the Elk Creek line was removed from service on March 1 and that the Donkey Creek Line has been operating recently at a MOP of less than 1152.

Although some of Respondent's pipe has been taken out of service, substantial sections of pipeline manufactured from pre-70 electric resistance weld pipe still have not been hydrostatically tested. Respondent's metallurgical analysis of these sections of pipeline is not statistically sufficient nor does Respondent have sufficient construction records to substantiate that the entire pipeline installed is similar to the pipe that received a metallurgical analysis.

Accordingly, I find that Respondent violated 49 C.F.R. § 195.303 in the Notice.

Item 10 in the Notice Amendment alleged Respondent violated 49 C.F.R. § 195.406 in that Respondent has not been able to provide adequate records certifying the yield strength (SMYS) of 60,000 psi for the pipe used in construction of its 12.75-inch, .219 inch wall thickness pipeline section between Twentymile Station and Guernsey. Respondent has determined the MOP of this line section, using 49 C.F.R. §195.106 with a SMYS of 60,000 psi, to be 1440 psig. Without adequate records or materials testing that certifies the actual material strength of the pipe, Respondent cannot use a SMYS any greater than 24,000 psi, which results in a MOP no greater than 593.6 psig. Additionally, Respondent's records show that the pressure shutdown switch at the Twentymile station is set at 1440 psig, which is 243% of the design pressure lacking any pipeline material certification. Respondent normally operates this segment between 900 psig and 1100 psig.

Respondent could not provide adequate records certifying the SMYS of 42,000 psi for the pipe used in construction of its 12.75-inch, .25 inch wall thickness pipeline section between Highway 450 Station and the 12-inch mainline Junction. Respondent has determined the MOP of this line section, using 49 C.F.R. §195.106 with a SMYS of 42,000 psi, to be 1390 psig. Without adequate records or materials testing that certifies the actual material strength of the pipe, Respondent cannot use a SMYS any greater than 24,000 psi, which results in a MOP no greater than 677.6 psig. Additionally, Respondent's records show that the pressure shutdown switch at the South Hilight station is set at 1300 psig, which is 192 % of the design pressure lacking any pipeline material certification. Respondent normally operates this segment between 300 psig to 800 psig.

In its November 2, 2004 letter to PHMSA, Respondent provided a township/section map depicting the pipeline rights-of-way as a solid line with an arrow labeled "333,055' 12 3/4 .219X60 29.31#" pointing to that solid line. Respondent contends that this is a copy of an original construction map and it shows that the pipeline section in dispute is made from X-60

pipe and not X-52 pipe. Subsequently, it contends that this pipeline was correctly listed as having a MOP of 1440 psig.

Since Respondent could not provide further evidence substantiating the material strength of the pipe used in the construction of either pipeline section originally cited, PHMSA issued an Amendment to the May 19, 2004 Notice, dated April 5, 2005. That Amendment changed the violation from incorrectly calculating the MOP for the two pipeline sections to a violation of using a SMYS of 60,000 psi for calculating the MOP on one pipeline section and using a SMYS of 42,000 psi for the other pipeline section without having sufficient records or materials testing or to verify the SMYS of the pipe used in construction of either pipeline.

Respondent responded to the Amended Notice in a letter dated May 3, 2005. In that response, Respondent contends that it is permitted to operate at 80 percent of the highest operating pressure to which the pipeline was subjected to for four or more continuous hours that can be demonstrated by recording charts of logs made at the time the operations were conducted. It maintains that the Twentymile to Guernsey pipeline has been operated at 1440 psig for four or more continuous hours and it will be retrieving those documents to support this argument. Respondent asserts this would allow them to establish a MOP of 1152 which is 80% of 1440 psig. Additionally, Respondent contends that it has pressure tested its Highway 450 section to a pressure of 1500 psig in 1994 and again in 2005.

49 C.F.R. § 195.106, using Hooke's law, governs how pressure is to be determined under the code. Respondent may use 80 percent of the highest operating pressure recorded for four or more continuous hours in lieu of a pressure test. However, an operator may not operate a pipeline at a pressure that exceeds either 80 percent of the highest operating pressure or the test pressure recorded for four or more continuous hours, the design pressure of the pipe, or the pressure rating of any component. Though it may have adequate records to allow them to use 80% of an operating pressure in lieu of pressure test, it may not exceed the design pressure of the pipeline. Without adequate construction records or statistically viable metallurgical testing, it cannot use a SMYS any higher than 24,000 psi.

Accordingly, I find that Respondent violated 49 C.F.R. § 195.406 in the Notice.

Item 11 in the Notice alleged Respondent violated 49 C.F.R. § 195.408(a) and (b)(1) in that Respondent does not attend or monitor its Highway 14-16 pump station, which receives crude oil from tankage.

In its June 24, 2004 Response, Respondent stated that the Highway 14-16 Station is a gathering line and it has been since March 1, 2004.

It appears that the Highway 14-16 Station injects crude oil into what Respondent labeled on a map transmitted to PHMSA as "8 inch and 10 inch segments in gathering service only as of March 2004." Since the line that the Highway 14-16 Station injects crude into has pipe that is 10-inch, this pipeline appears to be transmission and not gathering as per the definition in 49 C.F.R. § 195. Therefore, because the Highway 14-16 Station appears to control the delivery

of crude oil into jurisdictional pipeline, this station must meet the requirements of 49 C.F.R. § 195.408.

Accordingly, I find that Respondent violated 49 C.F.R. § 195.408(a) and (b)(1) in the Notice.

Item 13 in the Notice alleged Respondent violated 49 C.F.R. § 195.428(a) in that Respondent's pressure shutdown switches only receive a functional test which does not ensure that these switches will operate at the correct pressure. Pressure transducers do not receive annual calibration to insure it is transmitting correct pressures.

Respondent responded to this issue in its June 24, 2004 letter by stating that new procedures would be written and implemented. It provided no documentation showing that all of its pressure control equipment had been properly tested and inspected, including calibration if necessary.

Accordingly, I find that Respondent violated 49 C.F.R. § 195.428(a) in the Notice.

Item 14 in the Notice alleged Respondent violated 49 C.F.R. § 195.432(b) in that Respondent is required by API 653 Section 4.3.1.2 to conduct a routine in-service inspection once each month. Respondent only does a routine inspection of its Sussex breakout tank once each year. During the inspection, Respondent's engineer informed the PHMSA inspector that it did not do monthly inspections.

In its June 24, 2004 correspondence, Respondent submitted its Sussex Station reports in response to this allegation. Respondent directs our attention to the far right column labeled "Signature" in these reports where there are employee initials and a handwritten "VI." Respondent contends that the "VI" stands for "Visual Inspection" and asserts that this indicates compliance with the requirements of section 4 of API Standard 653, claiming that the inspections took place on a basis more frequently than once per month. Although Respondent may rely on the handwritten "VI" markings as evidence that the tank had been visually inspected on a basis more frequently than once a month, there was not a specific column in Respondent's Sussex Station reports to indicate that the tank had been inspected.

The evidence does not support an argument that the tank was inspected in accordance with API 653 Section 4. Respondent must still include a monthly inspection that will incorporate and document the condition of those items listed under of API 653 Section 4.3.1.3 for the Sussex breakout tank.

Accordingly, I find that Respondent violated 49 C.F.R. § 195.432(b) in the Notice.

Item 16 in the Notice alleged Respondent violated 49 C.F.R. § 195.436 in that there is no security fencing at the Elk Creek pump station and the Alzada pump station and pig launcher facilities. The controls and facilities at these pump stations are unmanned and readily accessible by the public via state highways that are adjacent to these two stations.

The June 24, 2004 response to this issue was that both Alzada station and Elk Creek station had been abandoned. In its November 2, 2004 Response, Respondent provided evidence to support that the pipeline from Alzada to Elk Creek had been abandoned.

It appears that because the Alzada station is associated with the upstream end of this pipeline section it should be considered abandoned. However, the Elk Creek station may still be injecting crude oil into Respondent's "8-inch and 10-inch segments in gathering service only as March 2004." Since part of this line is 10-inch at least, that portion that is 10-inch is considered to be transmission. It appears that the Elk Creek station injects into this pipeline system and therefore it is considered to be a jurisdictional facility. Therefore, the Elk Creek station should have increased security provided.

Accordingly, I find that Respondent violated 49 C.F.R. § 195.436 in the Notice.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

WITHDRAWAL OF ALLEGATION

Item 17 in the Notice alleged that Respondent had violated 49 C.F.R. § 195.567 by failing to install an adequate number of test stations or demonstrate that test stations are at sufficient intervals to indicate the adequacy of the cathodic protection system. In its Response, Respondent provided a cathodic protection monitoring procedure that requires test leads to be spaced from between one to two miles. The exception to this is only allowed if one of the following has been met: 1) close interval survey has been performed, 2) operating history demonstrates no leaks nor evidence of external corrosion, or 3) pipeline inspection logs, assume for ILI, demonstrate no wall loss. If one of these exceptions is met, then Respondent's procedures assume that sufficient cathodic protection exists. In its Response, Respondent's submission of this procedure appears to have met the intent of 49 C.F.R. § 195.567. Based on this information demonstrating compliance with the regulation, I am withdrawing this allegation of violation.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to a civil penalty not to exceed \$100,000 per violation for each day of the violation up to a maximum of \$1,000,000 for any related series of violations.

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. The Notice proposed a total civil penalty of \$67,500 for the violations.

Item 2 of the Notice proposed a civil penalty of \$25,500 for violation of 49 C.F.R. §§ 195.50(b) and 195.54(a) in that Respondent failed to report a 120-barrel spill that occurred at its Alzada

pump station pig launching facilities on June 10, 2003 within the required 30-day period. This accident was not reported for 86 days, which was 56 days beyond the 30 days allowed by Federal regulation. In its June 24, 2004 letter, Respondent stated that it did not contest the violation but that it requested the penalty be substantially reduced. In support of the reduction, Respondent stated that the spill was wholly contained within a containment dike and has been used as an opportunity to underscore to employees the importance of timely reporting of all spills. Here, the Respondent did not report the spill until a PHMSA inspector observed the spill, which was 86 days after the spill and 56 days after the latest that it should have been reported. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$25,500 for the violation.

Item 10 of the Notice proposed a civil penalty of \$20,000 for violation of 49 C.F.R. §195.406, as fully described in the Amendment to the Notice and as discussed above, in that Respondent used a SMYS of 60,000 psi for calculating the MOP on the pipeline section between Twentymile Station and Guernsey and used a SMYS of 42,000 psi for the pipeline section between Highway 450 Station and the 12-inch mainline Junction without having sufficient records or materials testing to verify the SMYS of the pipe used in construction of either pipeline. As discussed above, although Respondent replied to the May 3, 2005 Amendment, it did not provide adequate construction records or statistically viable metallurgical testing that supports a SMYS higher than 24,000 psi. The segment of the pipeline that crosses the North Platte River could have an environmental or public impact. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$20,000 for the violation.

Item 12 of the Notice proposed a civil penalty of \$10,000 for violation of 49 C.F.R. §195.410 in that Respondent failed to maintain an adequate number of pipeline markers to accurately determine the pipeline location. Furthermore, when the PHMSA representative called the emergency phone number shown on the pipeline markers for the Montana/Dakota pipeline, he received a disconnected phone message with no forwarding phone number. In its June 24, 2004 Response, Respondent notes a typographical error in the Notice. Since the body of the Notice addresses Respondent's alleged violation and the paragraph on civil penalties lists Notice Item 12 as a proposed civil penalty, the typographical mistake is a harmless error. Respondent requested that no penalty be assessed since it intends to continue installing additional correct markers. However, Respondent has not presented any information that would warrant a reduction or withdrawal of the civil penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$10,000 for the violation.

Item 14 of the Notice proposed a civil penalty of \$12,000 for violation of 49 C.F.R. §195.432(b) in that Respondent is required by API 653 Section 4.3.1.2 to conduct a routine in-service inspection once each month. Respondent only does a routine inspection of its Sussex breakout tank once each year. As discussed above, Respondent's Response does not support that the Sussex tank was inspected in accordance with API 653 Section 4; however, it appears that the tank was minimally looked at periodically, which supports a reduced penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a reduced civil penalty of \$6,000 for the violation.

Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a total civil penalty of \$61,500. Respondent has the ability to pay this penalty without adversely affecting its ability to continue in business.

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. Questions concerning wire transfers should be directed to: Financial Operations Division (AMZ-300), Federal Aviation Administration, Mike Monroney Aeronautical Center, P.O. Box 25082, Oklahoma City, OK 73125; (405) 954-8893.

Failure to pay the \$61,500 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 a United States District Court.

COMPLIANCE ORDER

The Notice proposed a Compliance Order with respect to Items 1, 3, 10, 11, 13, 14, and 16 in the Notice (Notice Item 17 was withdrawn). 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. Respondent must-

1. With respect to Item 1 of the Notice, incorporate into its operations, maintenance, and emergency manual as required by 49 C.F.R. § 195.402(a) all pipeline from the Donkey Creek pump station upstream to the upstream end of the furthest upstream segment of 10-inch pipe;
2. With respect to Item 3 of the Notice, pressure test all pipeline segments that have not been previously pressure tested in accordance with 49 C.F.R. § 195 Subpart E;
3. With respect to Item 10 of the Notice, reduce the MOP of the following line segments so that the MOP of these segments are in accordance with 49 C.F.R. § 195.406:
 - a. The Twenty Mile station to Guernsey station section;
 - b. The Highway 450 to 12" Junction section; and
 - c. All other line sections that do not have adequate records to certify the yield strength of the pipe contained in each section.

Reduce the set pressure for all pressure control devices that protect each of the above

line sections to a pressure that is commensurate with the MOP;

4. With respect to Item 11 of the Notice, either attend or monitor the Highway 14-16 station during operation per the requirements of 49 C.F.R. § 195.408(b)(1);
5. With respect to Item 13 of the Notice, test and calibrate all pressure control devices per the requirements of 49 C.F.R. § 195.428, using proper pressure sensing equipment;
6. With respect to Item 14 of the Notice, begin monthly inspection, for the Sussex breakout tank, as per section 4 of API Standard 653, incorporating a checklist of those items listed under paragraph 4.3.1.3 of section 4 API Standard 653. Maintain records of all such inspections as required under 49 C.F.R. Part 195;
7. With respect to Item 16 of the Notice, provide increased security at the Elk Creek station per requirements of 49 C.F.R. § 195.436;
8. 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; and
9. 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. 5-2004-5010 on any correspondence or communication in these matters.

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

Failure to comply with this Order may result in the assessment of civil penalties of not more than \$100,000 per day and in referral to the Attorney General for appropriate relief in a United States District Court.

AMENDMENT OF PROCEDURES

Items 5(a-b), 6(a-g), 7(a-d), 8, and 9 of the Notice alleged inadequacies in Respondent's procedures/plans and proposed to require amendment of Respondent's procedures to comply with the requirements of 49 C.F.R. §§ 195.266(a), 195.302(a), 195.402(c)(3, 7, 8, 11,13), 195.403(b)(1), 195.404(a)(1), 195.422(a-b), 195.559(a-f), 195.561(a-b), 195.563(a-e), 195.567(a-c), 195.573(e), 195.583(a-c), and 195.589(c). Respondent did not contest the Items in the Notice of Amendment with the exception of Items 6(d) and 7(b).

In its Response, Respondent submitted copies of its amended procedures or information with respect to Notice Items 5(a), 6 (c-d), 7(d), and 8, which Western Region, PHMSA, reviewed. Accordingly, based on the results of this review, I find that Respondent's procedures as described in the Notice were inadequate to ensure safe operation of its pipeline system, but that respondent has provided information and/or corrected the identified inadequacies. No need exists to issue an Order Directing Amendment with respect to Items 5a, 6(c-d), 7d, and 8.

However, with respect to Notice Items 6(a-b, f), 7(a), and 9, Respondent's Response indicated that these Notice Items were not yet complete and submissions were not included in the Response. With respect to Notice Items 5b, 6(e,g), 7(b-c), although Respondent submitted amended procedures/plans to the Western Region, PHMSA, these procedures/plans do not address all of the inadequacies described in the Notice. Accordingly, I find that Respondent's procedures as described in the Notice are 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 procedures:

1. Amend its procedures to adequately list pressure test requirements (Notice Item 5b);
2. Amend its corrosion control procedures to adequately address coating requirements (Notice Item 6a);
3. Amend its corrosion control procedures to adequately address the inspection of pipe prior to lowering it into the ditch (Notice Item 6b);
4. Amend its corrosion control procedures to adequately describe how and when external corrosion control deficiencies must be corrected (Notice Item 6e);
5. Amend its corrosion control procedures to adequately address atmospheric corrosion monitoring frequency (Notice Item 6f);
6. Amend its corrosion control procedures to adequately address appropriate records retention time (Notice Item 6g);
7. Amend its startup procedures to adequately describe startup and shutdown processes (Notice Item 7a);
8. Amend its procedures to require attendance or monitoring of the Highway 14-16 pump station during startup and shut-in operations (Notice Item 7b);
9. Amend its procedures to minimize the likelihood of accidental ignition near areas identified under 49 C.F.R. §195.402(c)(4). Its procedures should define areas that would require immediate response in the case of failure or malfunction. It must have procedures for preventing accidental ignitions at those locations. Ignition sources may include but are not limited to: operating internal combustion engines; activities that could generate static electricity or electrical arcing; welding, cutting, and other

hot work; using certain non-approved electric equipment (flashlights, power tools/equipment, etc.); working on motors or appurtenances; working inside pipeline buildings; use of spark-producing hand tools; engine exhaust stack temperatures. Respondent should maintain restricted access to hazardous areas, including safety zones for vehicular and air space domains (Notice Item 7c);

10. Amend its maps and records to ensure that the location and identification of pipeline facilities are updated and complete (Notice Item 9); and
11. Within 30 days following receipt of this Order, submit the amended procedures to the Director, Western Region, PHMSA.

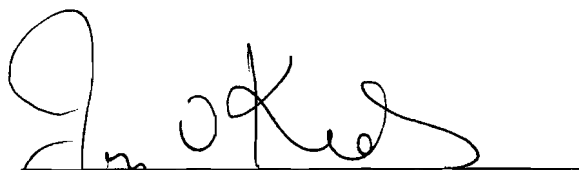
The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by Respondent demonstrating good cause for an extension.

Failure to comply with this Order Directing Amendment 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.

WARNING ITEMS

The Notice did not propose a civil penalty or corrective action for Notice Items 4 (49 C.F.R. §§ 195.402(a) and 195.569), 15 (49 C.F.R. § 195.434), and 18 (49 C.F.R. § 195.583); therefore, these are considered warning items. Respondent is warned that if it does not take appropriate action to correct these items, enforcement will be taken if a subsequent inspection reveals a violation.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a 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 and amendment of procedures, remain in full effect unless the Associate Administrator, upon request, grants a stay. The terms and conditions of this Final Order are effective on receipt.



for Theodore L. Willke
Acting Associate Administrator
for Pipeline Safety

DEC 11 2006

Date Issued