



US Department
of Transportation

**Research and
Special Programs
Administration**

400 Seventh St S W
Washington D C 20590

JUL 29 2003

Ms. Susan M. Whalen
Corporate Vice President
Greka Energy
P. O. Box 6209
Santa Maria, CA 93456

RE: CPF No. 5-2002-0005

Dear Ms. Whalen:

Enclosed is the Final Order issued by the Administrator for Pipeline Safety in the above-referenced case. It makes findings of violation and requires certain corrective action. This enforcement action will be closed when the terms of the compliance order are completed, as determined by the Director, Western Region. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

Gwendolyn M. Hill
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosure

cc: Mr. Brent Stromberg, Vice President Integrated Operations
Mr. Zahid Mansoor, Regulatory Manager

CERTIFIED MAIL RETURN RECEIPT REQUESTED

**DEPARTMENT OF TRANSPORTATION
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

In the Matter of
GREKA ENERGY,
Respondent.

CPF No. 5-2002-0005

FINAL ORDER

During May 14-15, 2002, pursuant to 49 U.S.C. § 60117, a representative of the Office of Pipeline Safety (OPS) conducted an on-site pipeline safety inspection of Respondent's jurisdictional gas gathering pipeline facilities and records in Santa Maria, CA. As a result of the inspection, the Director, Western Region, OPS, issued to Respondent, by letter dated June 19, 2002, a Notice of Probable Violation 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. §§192.605, 192.603, 192.491, 192.707 and 192.809 and proposed that Respondent take certain measures to correct the alleged violations.

Respondent responded to the Notice by letter dated July 29, 2002 (Response). Respondent did not contest the allegations of violation but stated that it intends to correct the circumstances leading to the violations. Respondent did not request a hearing, consequently Respondent waived its right to one.

FINDINGS OF VIOLATION

Respondent did not contest the allegations of violation in the Notice. Accordingly, I find that Respondent violated 49 C.F.R. Part 192, as more fully described in the Notice:

49 C.F.R. §192.605 – failure to prepare and follow a manual of written procedures for conducting normal operations and maintenance activities and emergencies;

49 C.F.R. §192.605(b)(1) – failure to include in its manual of written procedures for Operations, Maintenance, and Emergencies (O&M), procedures that specifically address each requirement of subparts L and M in sufficient detail such that personnel can perform their duties in a safe and reliable manner;

49 C.F.R. §192.603(b) – failure to establish and maintain a formal record keeping program that is necessary to administer the procedures established under §192.605;

49 C.F.R. §192.491 (c) – failure to maintain a standard maintenance and inspection record keeping program to ensure that inspection deadlines for corrosion control maintenance activities satisfy the requirements of Part 192, as Respondent was unable to produce documentation to show that corrosion control maintenance activities had been conducted during the years 1994 and 2002;

49 C.F.R. §192.707 – failure to have a sufficient number of pipeline markers to identify and locate the aboveground and belowground portion of the pipeline;

49 C.F.R. §192.809(a-d) – failure to prepare and follow a manual of written procedures for operator qualifications.

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

COMPLIANCE ORDER

The Notice proposed a Compliance Order with regard to Items 1 - 6, violation of 49 C.F.R. §§192.605, 192.603, 192.491, 192.707 and 192.809.

Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous 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 hereby ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to Respondent's operations:

1. With respect to Item 1 of the Notice, prepare and follow a manual of written procedures for conducting operations and maintenance activities and emergencies as required by §192.605(a) - (e).
2. With respect to Item 2, violation of §192.605(b)(1), establish and implement a manual of written procedures for Operations, Maintenance, and Emergencies (O&M), that specifically address in detail each requirement of Subparts L and M.
3. In regard to Item 3 of the Notice, establish and maintain a formal record keeping program, in accordance with §192.603, that demonstrates the implementation and continuing performance of the requirements of Part 192 including:
 - a) Establish a damage prevention program, as required by §192.614
 - b) Establish a liaison program with public officials, as required by §192.615(c).
 - c) Establish a public education program, as required by §192.616.
 - d) Establish a calculation on maximum allowable operating pressure, as required by §192.619.

- e) Perform pipeline **patrolling**, in accordance with §192.705.
- f) Perform leak surveys, as required by §192.706.
- g) Perform a test on relief devices along the pipeline segments, in accordance with §192.743.
- h) Perform valve maintenance along the pipeline segments, as required by §192.745.
- i) Perform vault maintenance along the pipeline segments, as required by §192.749.

In regard to Item 4 of the Notice, Greka must:

- a) Develop and maintain a formal record keeping program that meets corrosion control requirements of §192.491(c) and Subpart 1.
- b) Perform a close-interval survey along the line segments referenced in Item 4, Orcutt Hill to Suey Junction and Battles Road Field to Suey Junction, to show adequate cathodic protection levels as required by §192.463.
- c) Conduct hydrotests on the line segments in question, Orcutt Hill to Suey Junction and Battles Road Field to Suey Junction, as required by 49 CFR Part 192, Subpart J.
- d) Perform an atmospheric corrosion control assessment for all aboveground pipeline components as required by §192.481

With respect to Item 5 of the Notice, install a sufficient number of pipeline markers for the aboveground and belowground portion of the pipeline to satisfy the requirements of §192.707.

As for Item 6 of the Notice, prepare and follow a manual of written procedures for operator qualifications that satisfies the requirements of §192.809.

Within 30 days of receipt of this Order, submit confirmation and evidence of completion of these actions to the Director, Office of Pipeline Safety, Western Region, 12600 West Colfax Avenue, Golden Hills Center, Suite A-250, Lakewood, CO 80215-3736.

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 a 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 written request, grants a stay. The terms and conditions of this Final Order are effective upon receipt.

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.



Stacey Gerard
Associate Administrator
for Pipeline Safety

77

JUL 29 2003

Date Issued