



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

8701 South Gessner, Suite 1110
Houston, TX 77074

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 2, 2007

Mr. Luke Wethers,
Vice President-Transportation
Ciniza Pipeline Company
23733 North Scottsdale Road
Scottsdale, Arizona

CPF 4-2007-5024M

Dear Mr. Wethers,

On December 4-7, 2006, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code' inspected Ciniza Pipeline Company's (Ciniza) procedures for the Integrity Management Program (IMP) in Bloomfield, NM.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Ciniza's plans or procedures, as described below:

1. **§195.452 Pipeline integrity management in high consequence areas.**

(b) What program and practices must operators use to manage pipeline integrity?

Each operator of a pipeline covered by this section must:

(2) Include in the program an identification of each pipeline or pipeline segment in the first column of the following table not later than the date in the second column:

Pipeline	Date
Category 1	December 31, 2001
Category 2	November 18, 2002.
Category 3	Date the pipeline begins operation.

Ciniza must identify and document the associated Jal to Bisti 16" Giant pipeline segments that impact HCAs in their IMP. The Ciniza/Giant pipeline segment was removed from the BAP in August 2005, and Ciniza/Giant notified PHMSA of this action. Ciniza/Giant provided a copy of this notification to the inspection team during the inspection. The 16 inch pipeline is currently in the process being brought into service.

Out of Service pipelines that affect HCAs must be identified in the BAP, but Ciniza can defer baseline assessment or re-assessment until the pipeline is returned to service. The regulations do not define "idle" pipe, however, PHMSA understands "idle" pipe as pipe not currently being used to move hazardous liquid that could be put back in service at a future date. This idle pipe may include in-service pipe (e.g., contains hazardous liquids but is currently static or unused) or out-of-service pipe which may contain non hazardous fluids. All idle pipe is subject to the requirements of Part 195. PHMSA will accept deferral of certain activities required by the IM rule, but will require, at a minimum, determining whether any portions of the idle lines lie within an HCA.

2. **§195.452 Pipeline integrity management in high consequence areas.**

(f) What are the elements of an integrity management program?

An integrity management program begins with the initial framework. An operator must continually change the program to reflect operating experience, conclusions drawn from results of the integrity assessments, and other maintenance and surveillance data, and evaluation of consequences of a failure on the high consequence area. An operator must include, at minimum, each of the following elements in its written integrity management program:

- (8) A process for review of integrity assessment results and information analysis by a person qualified to evaluate the results and information (see paragraph (h)(2) of this section).**

Ciniza must modify the process to better define written procedure for identification and validation of anomalous indications early in the ILI process. The inspection team identified issues Ciniza had regarding their Giant pipeline with correlating data from an ILI survey from the previous operator and actual anomaly locations.

In regard to Item 2 listed above, Ciniza provided finalized documentation via email to PHMSA on December 18, 2006, of various changes made to the IMP. After considering the material provided, PHMSA deemed the modifications adequate, and no further action is required in response to Item 2 of this Notice.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. Enclosed as part of this Notice is a document entitled Response Options for Pipeline Operators in Compliance Proceedings. Please refer to this document and note the response options. 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). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

In correspondence concerning this matter, please refer to CPF **4-2007-5024M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous
Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*