

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 17, 2008

Ms. Margaret A. Yaege, President ConocoPhillips Pipeline Company P.O. Box 2197 Houston, TX 77252-2197

CPF 4-2008-5008W

Dear Ms. Yaege:

On March 13-15, 2007 a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected a segment of your ConocoPhillips Skelly-Belvieu 8-inch pipeline involved in an accident that occurred on March 12, 2007 near Weatherford, TX.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation(s) are:

- 1. 195.412 Inspection of rights-of-way and crossings under navigable waters.
 - (a) Each operator shall, at intervals not exceeding 3 weeks, but at least 26 times each calendar year, inspect the surface conditions on or adjacent to each pipeline right-of-way. Methods of inspection include walking, driving, flying or other appropriate mean of traversing the right-of-way.

It does not appear that the ConocoPhillips aerial patrol was performed on the pipeline segment specified in the operator's records, or that an error was made in the patrol documentation of activity along the pipeline corridor.

An accident occurred on March 12, 2007 where a contractor, C&J Construction, damaged the ConocoPhillips Skelly-Belvieu 8-inch pipeline while excavating to construct a pipeline for Crosstex Energy. ConocoPhillips records indicate that an aerial patrol of the Skelly-Belvieu 8-

inch pipeline between Boonesville Station and Carlos Station was performed on March 7, 2007. This patrol reported "NO NEW ACTIVITY." The prior aerial patrol on February 27 noted a line crossing south of Pride Station but no activity was documented in the area of the accident. According to records, a second interstate pipeline operator with a pipeline crossing in the area of the accident also patrolled on March 7, 2007. However, this aerial patrol documented a "Large trencher is cutting across line," and immediately took actions to dispatch personnel to the site and mark their pipeline in the same general area where the ConocoPhillips pipeline was damaged. While the location of the construction provided by the contractor and described on the one-call ticket does not appear to be accurate, the aerial patrol for the second interstate pipeline operator served its intended purpose by spotting the construction activity and alerting operations personnel on the ground so that actions could be taken to avert potential damage to their pipeline. Given that the second interstate pipeline's aerial patrol spotted the construction activity in the same area and on the same day as the ConocoPhillips patrol, it is difficult to understand why the ConocoPhillips aerial patrol reported no activity.

195.442 Damage prevention program.

(a) Except as provided in paragraph (d) of this section, each operator of a buried pipeline must carry out, in accordance with this section, a written program to prevent damage to that pipeline from excavation activities. For the purpose of this section, the term "excavation activities" includes excavation, blasting, boring, tunneling, backfilling, the removal of aboveground structures by either explosive or mechanical means, and other earthmoving operations.

The ConocoPhillips procedures for damage prevention from excavation activities include forms to document the response by the operator's line locators to one-call notifications. Some of these forms were not properly completed so that the one-call response or excavation involving the ConocoPhillips pipeline was clearly documented.

A PHMSA review of the ConocoPhillips documentation for responses to one-call notifications revealed that the documents that are part of the damage prevention procedures did not contain all of the information specified on the form. In addition, some of the notes on the one call tickets intended to document the ConocoPhillips response were cryptic and difficult to understand. While it does not appear that the poor documentation was a contributor to the March 12, 2007 accident involving the Skelly-Belvieu 8-inch pipeline, ConocoPhillips should ensure that all required forms and information are completed as required by the operator's written damage prevention program.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item(s) identified in this letter. Failure to do so will result in ConocoPhillips Pipeline being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to CPF 4-2008-5008W. 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).

Sincerely,

R. M. Seeley

Director, Southwest Region Pipeline and Hazardous

All duly

Materials Safety Administration