

WARNING LETTER

VIA FEDERAL EXPRESS (FEDEX) – 8726 2779 5621

April 20, 2010

Mr. Anthony Brock
VP HSSE & Engineering
BP Exploration Alaska
P.O. Box 196612
900 E. Benson Blvd.
Anchorage, AK 99501

CPF 5-2010-5010W

Dear Mr. Brock:

On June 22-26, 2009, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected BP Exploration Alaska, Inc.'s (BPXA) Endicott pipeline at Prudhoe Bay, Alaska.

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 violations are:

1. **§195.579 What must I do to mitigate internal corrosion?**
 - (a) **General. If you transport any hazardous liquid or carbon dioxide that would corrode the pipeline, you must investigate the corrosive effect of the hazardous liquid or carbon dioxide on the pipeline and take adequate steps to mitigate internal corrosion.**

BPXA failed to provide any records, other than ILI data, to show that it investigates the corrosive effects of the hazardous liquid transported in the Endicott pipeline. BPXA is required by §195.579(a) to investigate the corrosive effects of the hazardous liquid in the Endicott pipeline and take steps to mitigate internal corrosion. BPXA failed to provide records indicating they are mitigating corrosion. The 2005 and 2008 MFL pig runs of the Endicott Pipeline identified internal corrosion is occurring, the maximum wall loss reported to be about 20%.

2. §195.583 What must I do to monitor atmospheric corrosion control?

(a) You must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:

If the pipeline is located:	Then the frequency of inspection is:
Onshore.....	At least once every 3 calendar years, but with intervals not exceeding 39 months.
Offshore.....	At least once each calendar year, but with intervals not exceeding 15 months.

(b) During inspections you must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.

BPXA failed to provide records, other than ILI data, to show that they conduct atmospheric corrosion monitoring in accordance with §195.583 (a). During field inspection, PHMSA personnel discovered the following indications of atmospheric corrosion on the Endicott pipeline.

- 1) The 2005 and 2008 MFL pig runs identified external corrosion under insulation. The maximum wall loss reported was 39%.
- 2) Cased Road Crossing # 14—Removable fabric insulation jacket appeared to be full of water.
- 3) Cased Road Crossing # 09—Water stain on insulation jacket indicated that water may have saturated insulation.
- 4) Cased Road Crossing # 03—The casing seal designed to prevent water from entering the casing was torn open.
- 5) Vault and Cased Road Crossing #2—At the Badami ice road there is water in the vault to the bottom of the bare pipe, and the insulation jacket stain indicates that water may have saturated the insulation.

6) Vault and cased road crossing #1—At the Badami pipeline tie-in on the Causeway, there is water in the vault up to the bottom of the pipe.

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 Endicott 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 5-2010-5010W** and provide the information to our office at 188 W. Northern Lights Blvd. Suite 520, Anchorage, Alaska 99503. 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,

Dennis Hinnah
Deputy Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 B. Flanders (#123920)