

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 29, 2015

Mr. Rick Ross
Senior Vice President, Operations
Whiting Petroleum Corporation
1700 Broadway, Suite 2300
Denver, Colorado 80290-2300

CPF 3-2015-5004

Dear Mr. Ross:

On June 9 – 13, 2014, representatives of the Central Region office of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Whiting Petroleum Corporation's (Whiting's) records and facilities at your offices in Dickinson, North Dakota.

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. §195.404 Maps and Records.

- a) **Each operator shall maintain current maps and records of its pipeline systems that include at least the following information;**
- (2) **All crossings of public roads, railroads, rivers, buried utilities, and foreign pipelines.**

Whiting did not document a foreign line crossing of its pipeline on any of its maps. A review of the patrol records found that in August of 2013, a 12" polyethylene line was installed across the pipeline. No follow-up documentation was found that identified who owned the crossing. Further discussions with Whiting personnel found that it did not have a process for ensuring that crossings found during routine maintenance actions along the line are documented on the as-built maps.

2. §195.404 Maps and Records.

(c) Each operator shall maintain the following records for the periods specified;

(3) A record of each inspection and test required by this subpart shall be maintained for at least 2 years or until the next inspection or test is performed, whichever is longer.

Whiting was missing the records for the monthly inspections and the annual overfill protection inspections for the tanks at Skunk Hill in 2013. Additionally, the records for the inspection of the shutdowns at Belfield Station were missing for 2013. Whiting personnel indicated that the required inspections were done, but the proper paperwork had not been filled out.

3. §195.428 Overpressure safety devices and overfill protection systems

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

Whiting did not annually inspect the flow controllers that control the pressure on the pipeline. The flow controllers are a type of pressure limiting device that is required to be inspected per the regulations.

4. §195.440 Public awareness

(d) The operator's program must specifically include provisions to educate the public, appropriate government organizations, and persons engaged in excavation related activities on:

(2) Possible hazards associated with unintended releases from a hazardous liquid or carbon dioxide pipeline facility;

In its mailings to the public for 2013, Whiting's public education material did not identify all the products that it was transporting. The 2013 brochures that were sent to the public do not identify crude oil as one of the products delivered. The brochure only identified natural gas as the product that Whiting transports.

5. §195.563 Which pipelines must have cathodic protection?

(a) Each buried or submerged pipeline that is constructed, relocated, replaced, or otherwise changed after the applicable date in Sec. 195.401(c) must have cathodic protection. The cathodic protection must be in operation not later than 1 year after the pipeline is constructed, relocated, replaced, or otherwise changed, as applicable.

Whiting did not apply cathodic protection to the breakout tanks located in Skunk Hill station. Whiting thought that the tanks did not require cathodic protection because the tanks were under 500 barrels, per §195.565. However, §195.565 addresses the use of API 651 for installation of cathodic protection. It does not state that tanks under 500 barrels do not require cathodic protection. Another regulation, §195.563(a), requires pipelines to have cathodic protection within one year. Breakout tanks are part of the pipeline system per the definition in §195.2.

Proposed Compliance Order

With respect to item five (5), pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Whiting. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Items

With respect to items one (1), two (2), three (3), and four (4), 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 promptly correct these items. Be advised that failure to do so may result in Whiting being subject to additional enforcement action.

Response to this Notice

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.

In your correspondence on this matter, please refer to **CPF 3-2015-5004** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Allan C. Beshore
Director, Central Region, OPS
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Whiting Petroleum Corporation (Whiting) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Whiting with the pipeline safety regulations:

1. In regard to Item five (5) of the Notice pertaining to the cathodic protection of the breakout tanks, Whiting shall submit a plan and schedule to provide cathodic protection to the eight breakout tanks at Skunk Hill.
2. Whiting must provide the plan and schedule as outlined in Item one (1) above within 30 days of the receipt of the Final Order and implement the plan and schedule within 120 days from the date of receipt of the Final Order. Upon completion, Whiting shall send notification to the Director.
3. It is requested (not mandated) that Whiting maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Allan C. Beshore, Director, Central Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs 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.