

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 2, 2015

Mr. Donald Porter
President
BP Pipeline NA
Olympic Pipe Line Company
150 W. Warrenville Rd.
Naperville, IL 60563

CPF 5-2015-5014

Dear Mr. Porter:

Between August 11 and August 29, 2014, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), and Washington Utilities and Trade Commission (WUTC), pursuant to Chapter 601 of 49 United States Code, inspected your Olympic Pipe Line Co. (OPL) system in the States of Oregon and Washington.

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. **§195.573 What must I do to monitor external corrosion control?**
(e) Corrective action. You must correct any identified deficiency in corrosion control as required by Sec. 195.401(b). However, if the deficiency involves a pipeline in an integrity management program under Sec. 195.452, you must correct the deficiency as required by Sec. 195.452(h).

OPL failed to correct identified deficiencies in corrosion control as required by Sec. 195.401(b) and Sec. 195.452(h). After a 2010 in-line-inspection (ILI), OPL found discrepancies in the ILI data that indicated the presence of unrecorded casings on the pipeline system. OPL subsequently performed excavations which revealed casings, sleeves, or half sections of pipe at these locations. Some of these casings OPL knew about, but many were previously unknown by the operator's staff. In 2011, OPL initiated the "Casing Wire Repairs" project to evaluate ILI indications that suggested the presence of these casings, investigate the indications, and either remove the casing or add test leads to inspect and test for casing isolation.

Section 195.401(b) requires OPL to correct "any condition that could adversely affect the safe operation of its pipeline system... within a reasonable time." Section 195.452(h) requires OPL to take "prompt action to address all anomalous conditions the operator discovers" in high consequence areas (HCAs). As of August 2014, OPL had mitigated about 100 of the ILI indications, with 97 suspected casings remaining to evaluate. OPL's projected timeline for completion is 2020. OPS alleges that 10 years to correct these anomalies is not a reasonable or prompt schedule. In addition, the written Casing Wire Repair project does not differentiate between HCA versus non-HCA locations when prioritizing casing investigation digs.

2. **§ 195.575 Which facilities must I electrically isolate and what inspections, tests, and safeguards are required?**
 - (a) **You must electrically isolate each buried or submerged pipeline from other metallic structures, unless you electrically interconnect and cathodically protect the pipeline and the other structures as a single unit.**
 - (b) **You must install one or more insulating devices where electrical isolation of a portion of a pipeline is necessary to facilitate the application of corrosion control.**
 - (c) **You must inspect and electrically test each electrical isolation to assure the isolation is adequate.**

OPL failed to test the electrical isolation of each buried pipeline to ensure the isolation from other metallic structures was adequate. Casings are buried metallic structures in close proximity to the pipeline. As described in Item 1 above, OPL has discovered casings and casing test leads on the pipeline that were not on alignment sheets or other cathodic protection records. The electrical isolation of the previously-unrecorded casings was not tested to assure adequate isolation from the pipeline.

Proposed Compliance Order

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

With respect to Items 1 and 2 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to OPL. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

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 5-2015-5014** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

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

cc: PHP-60 Compliance Registry
PHP-500 C. Allen (Activities: 147690 and 147691)
WUTC

PROPOSED COMPLIANCE ORDER

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

1. In regard to Items 1 and 2 of the Notice, OPL must make the following changes to the Casing Wire Repairs project:
 - a. OPL must schedule the project to mitigate all remaining indications no later than 30 months from the date of the Final Order.
 - b. OPL must determine whether additional casings exist on their pipeline and update maps and records as necessary to ensure all programmatic systems which use this data, including IMP, are accurate.
 - c. The project must prioritize HCAs when scheduling casing investigation digs. All indications within HCAs must be completed no later than 18 months from the date of the Final Order.
 - d. OPL must submit the changes to the Casing Wire Repair project within 30 days after receipt of the Final Order.
2. OPL must submit annual status reports to the Director regarding the status of the Casing Wire Project, with the first report due January 15, 2016.
3. PHMSA requests that OPL maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Chris Hoidal, Director, Western 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.