

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 5, 2011

Mr. Hank True
President
Belle Fourche Pipeline
P.O. Drawer 2360
Casper, WY 82602

CPF 5-2011-5013W

Dear Mr. True:

On September 15-17, 2009 and January 10, 2011, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your integrity management program (IMP) in Casper, Wyoming. The IMP plan reviewed covered the Belle Fourche, Butte and Poplar pipeline systems. The January 2011 visit was conducted to confirm the status of issues identified in our 2009 IMP reviews.

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

1. **§195.452 Pipeline integrity management in high consequence areas.**
 - (i) **What preventive and mitigative measures must an operator take to protect the high consequence area?**
 - (4) **Emergency Flow Restricting Devices (EFRD). If an operator determines that an EFRD is needed on a pipeline segment to protect a high consequence area in the event of a hazardous liquid pipeline release, an operator must install the EFRD. In making this determination, an operator must, at least, consider the following factors—the swiftness of leak detection and pipeline shutdown capabilities, the type**

of commodity carried, the rate of potential leakage, the volume that can be released, topography or pipeline profile, the potential for ignition, proximity to power sources, location of nearest response personnel, specific terrain between the pipeline segment and the high consequence area, and benefits expected by reducing the spill size.

During the review of BFPL IM program, BFPL did not produce any documentation that indicated an evaluation was conducted regarding the need for Emergency Flow Restricting Devices (EFRD's). We understand that as of January 10, 2011, the EFRD study is in progress.

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:

(5) A continual process of assessment and evaluation to maintain a pipeline's integrity (see paragraph (j) of this section).

During the review of your integrity assessments, it appears that BFPL did not adhere to the required five (5) year assessment intervals. Furthermore, BFPL did not comply with the notification requirements when BFPL extended their inspection interval beyond five (5) years. The following reassessments were late and no notification to PHMSA was provided: 1) A baseline assessment of the Poplar segment between Ekalala to Alzada was completed in September of 2003 and the reassessment was not completed as of the 2009 inspection. 2) A baseline assessment of the Poplar segment between Hulett and Osage was completed in September of 2003 and the reassessment was not completed as of the 2009 inspection. 3) A baseline assessment of the Butte Segment between Hat Creek and Guernsey was scheduled for February of 2008 and was not completed until January 7, 2009. All of these reassessments have been completed as of January 2011.

3. §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:

(7) Methods to measure the program's effectiveness (see paragraph (k) of this section).

During the September, 2009, of the BFPL IM program it appeared that BFPL did not complete their evaluation to measure the program's effectiveness. No documentation was available for review during that IMP inspection. As of January 10, 2011, BFPL had all documentation except documenting when cleaning pigs are being run and the EFRD study documentation.

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 items identified in this letter. Failure to do so will result in Belle Fourche 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 5-2011-5013W**. 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,

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

cc: PHP-60 Compliance Registry
PHP-500 T. Finch (#124314)