

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 12, 2010

Ms. Debbie Adams
President
ConocoPhillips
Room TA 2010
600 North Dairy Ashford Road
Houston, TX 77079

CPF 5-2010-5002

Dear Ms. Adams:

From June 15 to 19, 2009, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Pioneer Pipeline System in Utah and Wyoming.

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. §195.567 Which pipelines must have test leads and what must I do to install and maintain the leads?**
 - (b) Installation. You must install test leads as follows:**
 - (1) Locate the leads at intervals frequent enough to obtain electrical measurements indicating the adequacy of cathodic protection.**

At the time of inspection, the casing test lead at MP 272 had no nearby test lead that could be used to verify adequate cathodic protection levels on the carrier pipe (pipeline) within the casing. The test lead on the pipeline was missing at the time of the annual CP surveys in 2007 and 2008. The adjacent pipeline test leads are at MP 271.504 and 273.200. After the inspection, PHMSA was informed by ConocoPhillips that a pipe test lead was installed at MP 272 in the fall of 2009. Nevertheless, for three years the spacing between test leads at MP 271.504 and 273.200 was not adequate to determine the adequacy of cathodic protection for the pipeline in the vicinity of the casing.

2. §195.577 What must I do to alleviate interference currents?

(a) For pipelines exposed to stray currents, you must have a program to identify, test for, and minimize the detrimental effects of such currents.

The cathodic protection survey records for 2008 indicate locally elevated pipe-to-soil potential (P/S) readings at MP 135.7 (2.884 V), MP 136 (3.556 V), and MP 137 (2.271 V). The P/S readings were also locally elevated in 2007. This is evidence of possible detrimental electrical interference from other underground structures has been occurring for at least two years near the areas of milepost 136.00. CPPL did not provide interference testing records or polarized potential, close-interval-survey readings to the inspector.

Proposed Compliance Order

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

Warning Items

With respect to item number 1, 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 ConocoPhillips 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 5-2010-5002** 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 (#123861)

PROPOSED COMPLIANCE ORDER

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

1. In regard to Item Number 2 of the Notice pertaining to possible electrical interference in the area of milepost 136.00, ConocoPhillips must test for electrical interference; and if any detrimental effects are discovered, they must be remediated as required by Section 195.577.
2. Within 30 days of the receipt of the Final Order, ConocoPhillips must complete the remedial requirements of Item Number 2.
3. ConocoPhillips shall 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. Costs shall 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.