

FEB 24 2011

U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, DC 20590

In the Matter of)
)
Bridger Lake, LLC,) CPF No. 5-2010-5012H
)
Respondent.)
_____)

CONSENT AGREEMENT

Bridger Lake, LLC (Bridger Lake or Respondent), is the owner or operator of a 27-mile long, 6^{5/8}-inch-diameter pipeline that transports crude oil from Summit County, Utah, to a breakout tank in Uinta County, Wyoming (Affected Pipeline). On or about April 1, 2010, the Affected Pipeline experienced a failure near Robertson, Wyoming (April 2010 Failure). Bridger Lake notified the National Response Center of that failure on April 10, 2010, when a pool of crude oil ignited at the site during cleanup operations.

On April 27, 2010, Respondent applied to participate in the Wyoming Department of Environmental Quality's (WDEQ) Voluntary Remediation Program (VRP). Bridger Lake's application included information about the April 2010 Failure and its eligibility to participate in the VRP.

On April 30, 2010, the Associate Administrator, Pipeline and Hazardous Materials Safety Administration (PHMSA), issued a Corrective Action Order (CAO) to Bridger Lake. In that CAO, the Associate Administrator found that the continued operation of the Affected Pipeline without corrective measures would be hazardous to life, property, or the environment.

On May 7, 2010, the Director, Western Region, PHMSA (Director), sent Bridger Lake a letter confirming that the terms of the CAO applied to the Affected Pipeline in its entirety, including the breakout tank. The Director also specified the conditions needed for Bridger Lake to resume operation of the tank.

On May 10, 2010, Bridger Lake, by counsel, submitted a written response to the CAO and a request for an informal hearing. Bridger Lake also submitted a written restart plan for the breakout tank, which the Director conditionally approved.

On May 19, 2010, Respondent requested that the hearing on the CAO be delayed pending efforts to resolve the matter with the Western Region. On May 27, 2010, WDEQ notified Bridger Lake that its application to participate in the VRP had been approved.

Since that time, Respondent has been successfully implementing the terms of its VRP. Bridger Lake and PHMSA (Parties) have also engaged in good faith discussions to resolve the CAO, and any associated matters, without any further litigation or proceedings.

The Parties have concluded those discussions and agree that the entry of this Consent Agreement is the most appropriate means of resolving the CAO without a hearing, of finding that Respondent violated 49 C.F.R. Parts 195 and 199 without adjudicating any issue of fact or law, of establishing the actions that must be taken to remedy those violations, and of ensuring that the Affected Pipeline is not a risk to the public, property, or the environment.

Accordingly, the Parties agree as follows:

I. General Provisions

1. For purposes of this Consent Agreement, Respondent agrees that Bridger Lake and the Affected Pipeline are subject to the jurisdiction of the Pipeline Safety Laws (49 U.S.C. § 60101 *et seq.*), the Pipeline Safety Regulations (49 C.F.R. Parts 190-199), and any orders issued thereunder.
2. For purposes of this Consent Agreement, Bridger Lake agrees that the Affected Pipeline is or would be hazardous to life, property, or the environment without corrective measures for purposes of the Pipeline Safety Laws (49 U.S.C. § 60112) and Pipeline Safety Regulations (49 C.F.R. § 190.233).
3. PHMSA agrees that the April 30, 2010 CAO shall be rescinded if Bridger Lake completes the requirements in Part II of this Consent Agreement, as and to the extent determined by the Director under Part IX of this Consent Agreement.
4. For purposes of this Consent Agreement, Bridger Lake agrees that in owning or operating the Affected Pipeline prior to the April 2010 Failure, it violated the Pipeline Safety Regulations by failing to comply with the minimum federal safety standards for the transportation of hazardous liquids by pipeline (49 C.F.R. Part 195) and the drug and alcohol testing requirements (49 C.F.R. Part 199).
5. PHMSA agrees that if Bridger Lake completes the requirements in Part II of this Consent Agreement, as determined by the Director under Part IX of this Consent Agreement, Respondent will not be subject to any additional enforcement action under 49 C.F.R. Part 190 for violating the Pipeline Safety Regulations in owning or operating the Affected Pipeline prior to the April 2010 Failure. Nothing in this Paragraph affects the enforcement authorities available to PHMSA under Part V of this Consent Agreement.

6. This Consent Agreement does not constitute a finding of violation of any Federal law or regulation and may not be used in any civil proceeding of any kind as evidence or proof of any fact, fault or liability, or as evidence of the violation of any law, rule, regulation or requirement, except in a proceeding to enforce the provisions of this Consent Agreement or in future PHMSA enforcement actions.

7. Pursuant to 49 U.S.C. § 60112(c), PHMSA has provided appropriate state officials notice and opportunity to comment on the agreement to resolve this matter.

8. After Bridger Lake signs and returns this Consent Agreement, PHMSA's representative will present it to the Associate Administrator for Pipeline Safety recommending that the Associate Administrator adopt the terms of this agreement by issuing an administrative order (Consent Order) incorporating the terms of this Consent Agreement. The terms of this Consent Agreement constitute an offer of settlement until accepted by the Associate Administrator.

9. Bridger Lake consents to the issuance of the Consent Order and waives any further procedural requirements with respect to its issuance. Bridger Lake waives all rights to contest the adequacy of the CAO, to receive notice of or an opportunity to be heard for violating the Pipeline Safety Regulations prior to the April 2010 Failure, or the validity of the Consent Order or this Consent Agreement, including all rights to administrative or judicial hearings or appeals.

10. This Consent Agreement applies to, and is binding upon, PHMSA, and upon Bridger Lake, its officers, directors, and employees, and its successors, assigns, or other entities or persons otherwise bound by law. Respondent agrees to provide a copy of this Consent Agreement and any incorporated work plans and schedules to all of Bridger Lake's officers, employees, contractors, and agents whose duties might reasonably include compliance with this Consent Agreement.

11. No transfer of ownership or operation of the Affected Pipeline, whether in compliance with the procedures of this Paragraph or otherwise, shall relieve Bridger Lake of its obligation to ensure that the terms of this Consent Agreement are implemented. For all transfers of ownership or operating responsibility of the Affected Pipeline, Bridger Lake must provide a copy of this Consent Agreement to the prospective transferee at least 30 days prior to such transfer and simultaneously provide written notice of the prospective transfer to the Director, Western Region, PHMSA. Any attempt to transfer ownership or operation of the Affected Pipeline without complying with this Paragraph constitutes a violation of this Consent Agreement.

12. This Consent Agreement constitutes the final, complete, and exclusive agreement and understanding between the Parties with respect to the settlement embodied in this Consent Agreement, and the Parties acknowledge that there are no representations, agreements or understandings relating to the settlement other than those expressly contained in this Consent Agreement, except that the terms of this Consent Agreement may be construed by reference to the CAO.

13. Nothing in this Consent Agreement affects Bridger Lake's obligation to comply with all applicable requirements of the Pipeline Safety Laws, Regulations, and orders issued thereunder. Nothing in this agreement alters PHMSA's right of access, entry, inspection, and information gathering or PHMSA's authority to bring enforcement actions against Bridger Lake pursuant to the Pipeline Safety Laws, Regulations, and orders issued thereunder, or any other provision of Federal or State law.

14. This Consent Agreement does not waive or modify any Federal, State, or local laws or regulations that are applicable to Bridger Lake or its pipeline systems. This Consent Agreement is not a permit, or a modification of any permit, under any Federal, State or local laws or regulations. Bridger Lake remains responsible for achieving and maintaining compliance with all applicable Federal, State, and local laws, regulations and permits.

15. This Consent Agreement does not create rights in, or grant any cause of action to, any third party not party to this agreement. The U.S. Department of Transportation is not liable for any injuries or damages to persons or property arising from acts or omissions of Bridger Lake or its officers, employees, contractors, or agents carrying out the work required by this agreement. The U.S. Department of Transportation, its officers, employees, agents, and representatives are not liable for any cause of action arising from any acts or omissions of Respondent or its contractors in carrying out any work required by this agreement.

II. Compliance Requirements

16. Except for the times specified for completion, the Corrective Actions in the CAO are incorporated into this Consent Agreement by reference.

17. Within 180 days following the issuance of the Consent Order, Bridger Lake will complete Required Corrective Actions 2 through 8 in the CAO. That includes, but is not limited to, submitting for the Director's approval: a written restart plan for the Affected Pipeline (Required Corrective Action 2); a full analysis and mechanical and metallurgical testing of the pipe involved in the April 2010 Failure (Required Corrective Action 3); a remedial work plan for the Affected Pipeline (Required Corrective Actions 4 and 5); a compliance plan (Corrective Action 6) or, if appropriate, an abandonment plan for all or a portion of the Affected Pipeline (Corrective Action 7); and provisions for ensuring that such actions are performed by an individual who is qualified to perform the prescribed tasks under Subpart G of Part 195 (Corrective Action 8). Any plan submitted to the Director shall propose a schedule for completing all required actions within 24 months of its approval.

18. Until all actions specified in an approved plan are complete, Bridger Lake agrees to submit quarterly reports to the Regional Director that: (1) include all available data and results of any testing and evaluations performed pursuant to the Required Corrective Actions in the CAO or the Compliance Requirements in the Consent Agreement; and (2) describe the progress of the repairs or other remedial actions being undertaken. The first quarterly report for the period from October 2010 through December 2010 is due by

February 28, 2011.

19. Bridger Lake agrees to maintain documentation of the costs associated with implementation of Part II of this Consent Agreement. Bridger Lake will include in each quarterly report it submits the to-date total costs associated with: (1) testing, evaluations and information analysis; (2) revisions of procedures and additional monitoring and inspections; and (3) physical changes to pipeline infrastructure, including repairs, replacements and other modifications.

20. Bridger Lake agrees to submit a final report to the Director of the total costs associated with the implementation of the Required Corrective Actions in the CAO and Part II of this Consent Agreement.

21. The Director may grant an extension of time for Bridger Lake to complete any of the work to be performed upon submission of a timely written request demonstrating good cause for an extension. Any extensions granted by the Director shall be in writing.

III. Review and Approval Process

22. Any submission under Part II of this Consent Agreement that requires the Director's approval may be approved in whole or in part and with or without conditions, disapproved in whole or in part and with or without conditions, or in any combination thereof. If a submission is approved, approved in part, or approved with conditions, Bridger Lake will take all action as approved by the Director, subject to Bridger Lake's right to invoke the dispute resolution procedures in Part IV with respect to any conditions identified by the Director. If the Director disapproves all or any portion of the submission, the Director will provide Bridger Lake with a written notice of the deficiencies. Bridger Lake will correct all deficiencies within the time specified by the Director and resubmit it for approval.

IV. Dispute Resolution

23. The Director and Bridger Lake will informally attempt to resolve any disputes arising under this Consent Agreement. If Bridger Lake and the Director are unable to informally resolve the dispute within 15 days, Bridger Lake may request in writing, within 10 days, a written determination resolving the dispute from the Associate Administrator for Pipeline Safety providing all information that Bridger Lake believes is relevant to the dispute. If the request is submitted as provided herein, the Associate Administrator will issue a final determination in writing. The existence of a dispute and PHMSA's consideration of matters placed in dispute will not excuse, toll, or suspend any term or timeframe for completion of any work to be performed under this agreement during the pendency of the dispute resolution process, except as agreed by the Regional Director or the Associate Administrator in writing.

V. Enforcement

24. This Consent Agreement, as adopted by the Consent Order, is subject to all enforcement authorities available to PHMSA under 49 U.S.C. § 60101 *et seq.* and 49

C.F.R. Part 190, including the assessment of civil penalties as determined in accordance with the requirements of 49 U.S.C. § 60122 and 49 C.F.R. §§ 190.223 to 190.225, if PHMSA determines that Bridger Lake is not proceeding according to the terms of the agreement, any determinations made by the Regional Director, or, if appealed, any decisions of the Associate Administrator. Failure to comply with the terms of the agreement may also result in referral to the Attorney General for appropriate relief in a United States District Court pursuant to 49 U.S.C. § 60120. All work plans and associated schedules set forth or referenced in Part II will be automatically incorporated into this Consent Agreement and are enforceable in the same manner.

VI. Record Keeping and Information Disclosure

25. Bridger Lake agrees to maintain records demonstrating compliance with all requirements of this Consent Agreement for a period of at least five years following completion of all work to be performed. For any reports, plans, or other deliverables required to be submitted to PHMSA pursuant to this Consent Agreement, Bridger Lake may assert a claim of business confidentiality or other protections applicable to the release of information by PHMSA, covering part or all of the information required to be submitted to PHMSA pursuant to this agreement in accordance with 49 C.F.R. Part 7. Bridger Lake must mark the claim of confidentiality in writing on each page, and include a statement specifying the grounds for each claim of confidentiality. PHMSA determines release of any information submitted pursuant to this Consent Agreement in accordance with 49 C.F.R. Part 7, the Freedom of Information Act, 5 U.S.C. § 552, DOT and/or PHMSA policies, and other applicable regulations and Executive Orders.

VII. Effective Date

26. The “Effective Date” as used herein is the date on which this Consent Agreement has been signed by both Bridger Lake and PHMSA.

VIII. Modification

27. The terms of this Consent Agreement may be modified by mutual agreement of the parties. Such modifications must be in writing and signed by both parties.

IX. Termination

28. This Consent Agreement terminates upon completion of all terms set forth in Part II (Compliance Requirements) as determined, in writing, by the Director, Western Region. Bridger Lake may request written confirmation from PHMSA when this Consent Agreement is terminated. To the extent ongoing monitoring is still required and all other actions specified in a plan approved under Paragraph 17 are complete, PHMSA may terminate this Consent Agreement with respect to all other requirements with the exception of such monitoring. Nothing in this agreement prevents Bridger Lake from completing any of the obligations earlier than the deadlines provided for in this Consent Agreement.

X. Ratification

29. The Parties undersigned representatives certify that they are fully authorized to enter into the terms and conditions of this Consent Agreement and to execute and legally bind such party to this document.

30. The Parties hereby agree to all conditions and terms of this Consent Agreement:

For PHMSA:

For Respondent:

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Julio Rios
President

Date

Date