

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 17, 2009

Ms. Meg A. Yaeger
General Manager of Pipelines and Terminals
ConocoPhillips Pipe Line Company
600 North Dairy Ashford St., TA 2010
Houston, TX 77079-1100

CPF 5-2009-5015

Dear Ms. Yaeger:

On October 31, 2008, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code met with your staff to discuss pending repairs to the Denver-Chase pipeline system.

On the basis of this meeting and subsequent correspondence on November 17, 2008 from ConocoPhillips (CPPL) with regard to this matter, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The probable violation(s) is:

1. § 195.452 Pipeline integrity management in high consequence areas.

(h) What actions must an operator take to address integrity issues?

(3) Schedule for evaluation and remediation. An operator must complete remediation of a condition according to a schedule prioritizing the conditions for evaluation and remediation. If an operator cannot meet the schedule for any condition, the operator must explain the reasons why it cannot meet the schedule and how the changed schedule will not jeopardize public safety or environmental protection.

CPPL failed to notify PHMSA with respect to the reasons why it was unable to meet the schedule for immediate repair conditions on the Chase-Denver pipeline system or provide an explanation as to how the changed schedule would not jeopardize public safety or environmental protection.

On October 31, 2008, PHMSA met with CPPL and discussed pending repairs for the Denver-Chase pipeline. At this meeting, CPPL stated that a notification was submitted to the PHMSA Integrity Management Database in November 2007 when the need for repairs was originally identified. At the time of the meeting, PHMSA was unable to locate this notification and verbally requested further investigation by CPPL.

After further investigation, CPPL determined that the notification was not sent and communicated this to PHMSA verbally on November 6th and in their correspondence on November 17th, 2008. Further analysis of the chronology of events by your staff revealed that although the need for a pressure reduction was communicated to the Control Center and Denver Operations, due to operational limitations, the pressure deration was attempted but not sustained. In addition, the fact that the duration was not sustained was not adequately communicated internally so as to identify the need for notification to PHMSA. PHMSA views these actions as potentially jeopardizing public safety and minimizing the effectiveness of environmental protection measures.

Proposed Civil Penalty

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. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$30,000 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$30,000

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 5-2009-5015** 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

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*

cc: PHP-60 Compliance Registry
PHP-500 K. Davis (#124446)