

OCT 6 2010

Mr. Steve Pankhurst
President
BP Pipelines (North America), Inc.
28100 Torch Parkway
Warrenville, IL 60555

Re: CPF No. 2-2008-5007

Dear Mr. Pankhurst:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and specifies actions that need to be taken by BP Pipelines (North America), Inc., to comply with the pipeline safety regulations. When the terms of the compliance order have been completed, as determined by the Director, Southern Region, this enforcement action will be closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Wayne Lemoi, Director, Southern Region, PHMSA
Mr. David O. Barnes, Manager DOT & Integrity, BP Pipelines (North America), Inc.

CERTIFIED MAIL – RETURN RECEIPT REQUESTED [7005 1160 0001 0039 0812]

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

_____)	
In the Matter of)	
)	
BP Pipelines (North America), Inc.,)	CPF No. 2-2008-5007
)	
Respondent.)	
_____)	

FINAL ORDER

On October 9-12 and 22-24, 2007, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of BP Pipelines (North America), Inc. (BPNA or Respondent), in Warrenville, Illinois. BPNA operates approximately 654 miles of natural gas transmission pipelines in the United States, along with other gas and hazardous liquid pipelines.

As a result of the inspection, the Director, Southern Region, OPS (Director), issued to Respondent, by letter dated June 19, 2008, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that BPNA had committed various violations of 49 C.F.R. Part 192 and proposed ordering Respondent to take certain measures to correct the alleged violations.

Respondent responded to the Notice by letter dated July 22, 2008 (Response). BPNA contested several of the allegations and requested a hearing. An informal hearing was subsequently held via teleconference on February 4, 2009, with Larry White, Attorney, PHMSA Office of Chief Counsel, presiding. At the hearing, Respondent was represented by counsel. After the hearing, Respondent provided additional written material for the record, by letter dated March 5, 2009.

FINDING OF VIOLATION

The Notice alleged that Respondent violated 49 C.F.R. Part 192, as follows:

Item 7: The Notice alleged that Respondent violated 49 C.F.R. § 192.917(c), which states in relevant part:

§ 192.917 – How does an operator identify potential threats to pipeline integrity and use the threat identification in its integrity program?

(a)

(c) *Risk assessment.* An operator must conduct a risk assessment that follows ASME/ANSI B31.8S, section 5, and considers the identified threats for each covered segment. An operator must use the risk assessment to prioritize the covered segments for the baseline and continual reassessments (§§192.919, 192.921, 192.937), and to determine what additional preventive and mitigative measures are needed (§192.935) for the covered segment.

The Notice alleged that Respondent violated 49 C.F.R. § 192.917(c) by failing to have a risk model for conducting its risk assessments that enabled Respondent to determine the need for additional preventive and mitigative measures to minimize failure consequences for covered segments. More specifically, Respondent's risk model and assessment process failed to describe how the risk assessment addressed the following:

- Assessment of the benefits derived from mitigating actions.
- Determination of the most effective mitigation measures for identified threats.
- Assessment of the integrity impact from modified inspection intervals.
- Assessment of the use of or need for alternative inspection methodologies.
- More effective resource allocation.
- Facilitation of decisions to address risks along a pipeline or within a facility.

In its Response and during the hearing, BPNA stated that it used a relativistic risk model and that its subject matter experts considered conditional threats and non-conditional threats in performing its segment risk ranking. Respondent also noted that PHMSA did not conclude that its risk ranking results reflected an improper ranking of its covered segments. In its March 5, 2009 correspondence, Respondent offered further description of the threats it had identified and stated that the nature of these threats and the condition of its pipelines gave it reason to believe that further consideration of consequences was unnecessary.

We acknowledge that Respondent's risk model included threat identification. A determination of the need for additional preventive and mitigative measures for covered segments, however, is an express requirement of the cited regulation. Respondent did not produce any documentation showing that the risk modeling process it had in place during the relevant period included a means of determining the need for additional preventive and mitigative measures to minimize failure consequences and accomplish the purpose of the regulation.

Accordingly, after considering all of the evidence, I find that Respondent violated 49 C.F.R. § 192.917(c) by failing to have a risk model for conducting its risk assessments that enabled the company to determine the need for additional preventive and mitigative measures to minimize failure consequences for covered segments.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 7 in the Notice for violation of 49 C.F.R. § 192.917(c). Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

With respect to the violation of § 192.917(c) (**Item 7**), within 30 days following receipt of this order:

- a. Provide the Director with complete written procedures for conducting a risk assessment (likelihood and consequences) for all covered gas pipeline segments that follows ASME/ANSI B31.8S, section 5, considers the identified threats for each covered segment, and uses all available risk information;
- b. Provide the Director with a timeline for application of these procedures and completion of the risk assessment on all covered gas pipeline segments included in BPNA's integrity management program.
- c. Maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director. 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.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$100,000 for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

WARNING ITEMS

With respect to Items 1, 2, 3, 4, 5, 6, 8, and 9, the Notice alleged probable violations of Part 192 but did not propose a civil penalty or compliance order for these items. Therefore, these are considered to be warning items. The warnings were for:

49 C.F.R. § 192.905(a) (**Item 1**) — Respondent's alleged failure to identify all high consequence areas (HCAs) using appropriate methods;

49 C.F.R. § 192.905(c) (**Item 2**) — Respondent's alleged failure to have a documented process for annual or more frequent identification of newly identified High Consequence Areas;

49 C.F.R. § 192.907(a) **(Item 3)** — Respondent’s alleged failure to follow its segment identification process for two offshore risers;

49 C.F.R. § 192.921(a) **(Item 4)** — Respondent’s alleged failure to incorporate all assessment specifications and methods best suited to address the identified threats;

49 C.F.R. § 192.917(e) **(Item 5)** — Respondent’s alleged failure to use threat identification information to monitor and address seam integrity risks on low frequency electric-resistance welded pipe;

49 C.F.R. § 192.917(b) **(Item 6)** — Respondent’s alleged failure to have a documented process for gathering and integrating available pipeline data to support threat analysis and risk determination;

49 C.F.R. § 192.933(d) **(Item 8)** — Respondent’s alleged failure to omit pressure reduction from the allowable actions to be taken when an immediate repair condition is identified on a gas pipeline operating at or below 30% SMYS;

49 C.F.R. § 192.945(a) **(Item 9)** — Respondent’s alleged failure to use specified metrics to evaluate the effectiveness of its integrity management program on a semi-annual basis.

BPNA presented information in its Response showing that it had taken certain actions to address the cited items. Accordingly, having considered such information, I find, pursuant to 49 C.F.R. § 190.205, that probable violations of 49 C.F.R. §§ 192.905(a), 192.905(c), 192.907(a), 192.921(a), 192.917(e), 192.917(b), 192.933(d), and 192.945(a) have occurred as described above and Respondent is hereby advised to correct such conditions. In the event that OPS finds a violation of any of these items in a subsequent inspection, Respondent may be subject to future enforcement action.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a petition for reconsideration of this Final Order. Should Respondent elect to do so, the petition must be sent to: Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. PHMSA will accept petitions received no later than 20 days after receipt of service of this Final Order by the Respondent, provided they contain a brief statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.215. Unless the Associate Administrator, upon request, grants a stay, the terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued