



U.S. Department
of Transportation

**Research and
Special Programs
Administration**

400 Seventh Street, S.W.
Washington, D.C. 20590

APR - 1 2002

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Lee Edwards, President
BP Amoco Pipelines (North America)
801 Warrenville Road
Lisle, Illinois 60532

RE: CPF No. 3-2001-5006

Dear Mr. Edwards:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It makes findings of violations, assesses a civil penalty of \$55,000, and requires certain corrective action. At such time that the terms of the compliance order are completed, as determined by the Director, Central Region, and the civil penalty is paid this enforcement action will be closed. The penalty payment and terms are set forth in the Final Order. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

for

Gwendolyn M. Hill
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosure

DEPARTMENT OF TRANSPORTATION
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION
WASHINGTON, DC 20590

In the Matter of)
BP Amoco Pipelines (North America),) CPF No. 3-2001-5006
Respondent.)
_____)

FINAL ORDER

During the months of April through October 2000, representatives of the Central, Southwest, and Western Region, Office of Pipeline Safety (OPS), pursuant to 49 U.S.C. § 60117, conducted on-site pipeline safety inspections of Respondent's facilities and records at several locations, including your headquarters in Warrensville, IL, Crude System #1, CE-Crude System #2, and Product System #4. As a result of the inspections, the Director, Central Region, OPS, issued to Respondent, by letter dated April 20, 2001, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order. In accordance with 49 C.F.R. §190.207, the Notice proposed finding that Respondent had committed various violations of 49 C.F.R. Part 195 and proposed assessing a civil penalty of \$55,000 for the alleged violations. The Notice also proposed that Respondent take certain measures to correct the alleged violations.

In a letter dated May 29, 2001, Respondent submitted a Response to the Notice. Respondent contested Item 1 of the alleged violations and provided information concerning the corrective actions it had taken. On August 15, 2001, Respondent submitted a supplemental Response to the Notice, providing additional information concerning the corrective actions it had taken.

FINDINGS OF VIOLATION

Uncontested Items. Respondent did not contest alleged violations §§195.404(a)(1), (2), & (3) and 195.416(i) in the Notice. Accordingly, I find that Respondent violated 49 C.F.R. Part 195, as more fully described in the Notice:

49 C.F.R. §195.404(a)(1), (2), and (3) – failing to maintain current maps and records of its CE-Crude System #2 pipeline, as Blue Butte Pump Station was not shown on any of the maps;

49 C.F.R. §195.416(i) – failing to maintain adequate pipe coating to prevent atmospheric corrosion at the Laura Station and on the 20-inch crude oil pipeline crossing of the North Fork of Mussel River on Crude System #1.

Contested Item. Item 1 of the Notice alleges that Respondent violated 49 C.F.R. § 195.401 by failing to take the appropriate remedial action to correct the unsafe condition of two out-of-service 12-inch pipeline crossings of the Kankakee River within a reasonable time after discovery of the condition. At the time of the inspection, one of two (2) out-of-service 12-inch pipeline crossings had been pulled by the river current downstream and was floating on the river's surface, placing the integrity of the in-service 22-inch pipeline and the environment at risk of harm.

In response to Item 1, Respondent argues that it protects the active 22-inch pipeline with grout bags, as shown in the 1998 River Crossing Survey and Inspection Report, and that its frequent surveillance reduces the risk of any potential problems which the inactive 12-inch pipeline may pose. Respondent agrees that remedial action should have been taken in a more timely manner and advises that it will remove the 12-inch out-of-service pipelines when it receives an Environmental Protection Agency permit.

The actions taken by Respondent, the use of grout bags and frequent surveillance, are not adequate to correct the problem so the problem persists. Respondent has known of the unsafe condition of the two out-of-service 12-inch pipeline crossings for at least eight (8) years. The problem has not been resolved within a reasonable amount of time. Accordingly, I find that Respondent violated 49 C.F.R. § 195.401(a) and (b) by failing to take appropriate remedial action, in a timely manner, to adequately address the two idle/out-of-service 12-inch pipeline crossings of the Kankakee River in Illinois.

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

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to a civil penalty not to exceed \$25,000 per violation for each day of the violation up to a maximum of \$500,000 for any related series of violations. The Notice proposed a total penalty assessment of \$55,000 for Items 1, 3, and 5.

49 U.S.C. § 60122 and 49 C.F.R. § 190.225 require that, in determining the amount of the civil penalty, I consider the following criteria: nature, circumstances, and gravity of the violation, degree of Respondent's culpability, history of Respondent's prior offenses, Respondent's ability to pay the penalty, good faith by Respondent in attempting to achieve compliance, the effect on Respondent's ability to continue in business, and such other matters as justice may require.

In response to Item 1, the Respondent requests reconsideration of the proposed \$25,000 civil penalty, for failing to take the appropriate remedial action to correct the unsafe condition of two out-of-service 12-inch pipeline crossings of the Kankakee River in Illinois. Respondent argues that the out-of-service 12-inch pipeline does not pose an integrity threat to its in-service 22-inch pipeline and that the proposed penalty is excessive.

In 1993, Respondent conducted an underwater pipeline river crossing survey and inspection on two 12-inch pipelines, one 22-inch pipeline and one 16-inch pipeline on Crude System #1. The underwater inspection report of this crossing suggested the removal of the two 12-inch pipeline crossings. Five years later, in July 1998, Respondent conducted another underwater pipeline inspection. The Kankakee River current velocity was classified as extremely strong. The inspection revealed that the 12-inch out-of-service pipeline upstream had moved downstream and had crossed the second out-of-service 12-inch pipeline. The downstream river current moved one of the 12-inch pipelines from its original location. The movement resulted in 436 feet of the upstream 12-inch pipeline crossing being suspended and 507 feet of the downstream 12-inch pipeline being suspended, with an additional 214 feet of the pipeline exposed. The 1998 underwater pipeline inspection also revealed that a 30-foot tree was jammed against the pipeline on the west bank and a 48-inch tree stump was jammed against the pipeline on the east bank of the river.

Respondent has known of the unsafe condition of two (2) out-of-service 12-inch pipeline crossings for at least eight (8) years. The in-service 22-inch pipeline, which is 800 feet long, is not buried beneath the river bottom, but is covered with Respondent's grout bags. The actions taken by the Respondent were perfunctory and inefficient. Given the length of time of the violation, the gravity of the violation, and the risk of harm, the proposed civil penalty is not excessive. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$25,000.

Item 3 of the Notice proposes a civil penalty of \$5,000 for Respondent's failure to maintain current maps and records of their facilities in North Dakota. Specifically, the Blue Butte Pump Station was not shown on any of the maps at the Dickinson field office. Respondent failed to provide any records showing the maximum operating pressure discharge for Dunn Center or the Black Slough Station. Also, Respondent failed to maintain a listing of the maximum operating pressure for the segment of pipeline upstream of Black Slough Station.

Respondent did not contest these allegations but advised that it had revised its maps to reflect the Blue Butte Pump Station. Respondent also explained that it is making revisions to its Operations and Maintenance manual which will be forwarded to the OPS regional office for review and approval. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$5,000.

Item 5 of the Notice proposes a civil penalty of \$25,000 for Respondent's failure to clean and coat with a suitable material for the prevention of atmospheric corrosion at the Laura Station, Crude System #1. Pitting was observed on the above ground piping at the Laura Station and the 20-inch pipeline crossing the North Fork of Mussel River is partially exposed, with pitting and badly damaged external coating.

Respondent did not contest these allegations but offered an explanation and provided information in mitigation of the proposed civil penalty. Respondent advises that as of August 15, 2001, it has painted the Laura Station and completed repairs to the 20-inch pipeline crossing the North Fork of

Mussel River. Respondent also advises that it will visually inspect the stations and engineered spans on its Crude System #1 for further signs of atmospheric corrosion and correct any deficiencies found. Although Respondent agrees that both the Laura Station and the 20-inch pipeline crossing were due for remedial actions, Respondent suggests that the corrosion pitting found was isolated, not excessive, and did not warrant the proposed penalty.

Preventive maintenance is critical to the safety of the public, environment, and property. Corrosion, both external and internal, is one of the conditions most threatening to the integrity of pipelines, which if left undetected can result in the rupture of the pipeline. Respondent failed to exercise vigilance commensurate with the danger to protect the public, environment, and property from injury and destruction. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$25,000.

Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a total civil penalty of \$55,000. A determination has been made that Respondent has the ability to pay this penalty without adversely affecting its ability to continue business.

Payment of the civil penalty must be made within 20 days of service. Federal regulations (49 C.F.R. § 89.21(b)(3)) require this **payment be made by wire transfer**, through the Federal Reserve Communications System (Fedwire), to the account of the U.S. Treasury. **Detailed instructions are contained in the enclosure.** After completing the wire transfer, send a copy of the **electronic funds transfer receipt** to the **Office of the Chief Counsel (DCC-1)**, Research and Special Programs Administration, Room 8407, U.S. Department of Transportation, 400 Seventh Street, SW, Washington, DC 20590-0001.

Questions concerning wire transfers should be directed to: Financial Operations Division (AMZ-120), Federal Aviation Administration, Mike Monroney Aeronautical Center, P.O. Box 25770, Oklahoma City, OK 73125; (405) 954-4719.

Failure to pay the \$55,000 civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 C.F.R. § 901.9 and 49 C.F.R. § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in an United States District Court.

WARNING ITEMS

Item 2 in the Notice alleges that Respondent failed to follow its manual of written procedures for establishing the set point of shutdown switches.

Item 4 in the Notice alleges that Respondent failed to maintain line markers at the railroad crossing just north of the Humboldt Pump Station.

Item 6 in the Notice alleges that Respondent failed to maintain signs, containing the name of the operator and an emergency contact number, visible to the public on all four sides of the Ormonde Station.

The Notice did not propose any penalty with respect to these items; therefore, Respondent is warned that if it should not take appropriate corrective action and a violation comes to the attention of OPS in a subsequent inspection, enforcement action will be taken.

COMPLIANCE ORDER

Under 49 U.S.C. § 60118(a), each person who engages in the transportation of [gas] hazardous liquids 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 hereby ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations. The Notice proposed a compliance order with respect to Item 1 and Item 5.

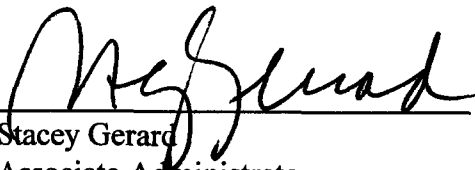
- 1) With respect to Item 1, violation of 49 C.F.R. § 195.401, inspect, examine, and evaluate all river crossings on the Crude System #1 to determine whether external conditions at the crossings are not a threat to the safety of the crossings. Complete this action within 120 days following receipt of the Final Order.
- 2) Develop a remedial plan to correct deficiencies indicated by the inspection, examination and evaluation of the river crossings on the Crude System #1. Submit the Remedial Plans within 90 days of the completion of the inspection to the Director, Central Region, Office of Pipeline Safety.
- 3) Submit the records and notice of completed actions, with respect to Item 2, to the Director, Central Region.
- 4) With respect to Item 5, clean, coat with material suitable for the prevention of atmospheric corrosion, and maintain this protection of any exposed pipe in the Crude System #1 to prevent further corrosion of the facilities and to meet the requirements of §195.416(i). Complete this work within 120 days following receipt of the Final Order. Submit the records and notice of completed actions to the Director, Central Region.
- 5) The Director, Central Region may grant an extension of time for compliance with any of the terms of this order for good cause. A request for an extension must be in writing.

All information requested above should be mailed to the Central Region, Office of Pipeline Safety at the following address:

Mr. Ivan A. Huntoon
Director Central Region
Office of Pipeline Safety
901 Locust Street, SW, Suite 462
Kansas City, MO 64106

Under 49 C.F.R. § 190.215, Respondent has a right to petition for reconsideration of this Final Order. The petition must be received within 20 days of Respondent's receipt of this Final Order and must contain a brief statement of the issue(s). The filing of the petition automatically stays the payment of any civil penalty assessed. All other terms of the order, including any required corrective action, shall remain in full effect unless the Associate Administrator, upon request, grants a stay. The terms and conditions of this Final Order are effective upon receipt.

Failure to comply with this Final Order may result in the assessment of civil penalties of up to \$25,000 per violation per day, or in the referral of the case for judicial enforcement.



Stacey Gerard
Associate Administrator
for Pipeline Safety

APR - 1 2002

Date Issued