



U.S. Department
of Transportation

**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Avenue, SE
Washington, D.C. 20590

JUN 05 2009

Mr. Peter T. Lidiak
Director, Pipeline
American Petroleum Institute
1200 L Street, NW
Washington, DC 20005-4070

Dear  Mr. Lidiak:

As you are aware from our prior discussions, the Pipeline and Hazardous Materials Safety Administration (PHMSA), and several of its regulatory partners, are concerned with the adequacy of current pipeline fabrication and construction practices, procedures, and quality control. Though we do not have reason to believe that the problems discovered to date are widespread, we do believe it prudent to take a conservative approach until such time as more is known with greater certainty. We appreciate the industry's proactive stance in addressing these concerns. Clearly we share the same objectives of ensuring that new pipelines are built to last and perform safely for many decades to come.

Among other purposes, I am writing today to express our appreciation for your participation, and that of your membership, in PHMSA's April 23, 2009, new pipeline construction workshop in Fort Worth, Texas. This workshop provided an opportunity for PHMSA to share with operators, contractors, manufacturers, and public alike the types of problems discovered during recent construction inspections and through private meetings with operators and contractors. Government and industry speakers alike helped better define these problems during this workshop, and several identified a range of options they believed could help address some of the underlying problems relating to fabrication and construction.

The breadth and number of issues PHMSA and others discussed in our workshop could be indicative of a breakdown of quality control during planning, specification, procurement of pipe material, and management and quality oversight of construction activities. Following the workshop PHMSA issued an Advisory Bulletin on Potential for Low and Variable Yield Tensile Strength and Chemical Composition Properties in High Strength Line Pipe (ADB PHMSA-2009-0148), to alert all operators to at least one related potential problem. In taking this action, we acknowledge that this pipe material issue has presently impacted only a small number of operators – to our knowledge.

PHMSA appreciates the actions industry has already independently taken to improve construction performance, as evidenced by the March 25 and 26 INGAA Foundation Workshop on Building Better Pipelines, and the upcoming June 11 INGAA Pipe Quality Summit.

This letter is intended to applaud those efforts, to reinforce the importance of the problems discussed in the PHMSA and industry workshops, and to solicit continuing action from the industry to address them. While we work together to address related challenges, PHMSA will continue to maintain a major inspection emphasis on new construction projects.

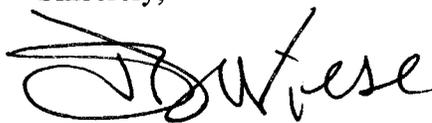
As PHMSA continues to engage industry and monitor construction performance, we challenge industry to help further define the actions needed to improve construction performance and welcome your input on the following:

- How can industry and PHMSA credibly define the precise nature and extent of problems identified during recent new pipeline construction projects?
- Which current underlying standards or regulations need to be reexamined or changed to help improve pipeline fabrication and construction quality control?
- What other ideas to improve overall fabrication and construction quality control does the industry believe warrant additional attention?
- For example, does your association and membership see value in developing a more comprehensive quality management system standard to make these improvements? If so, which system elements would you see as needed?
- At a minimum, which testing and quality control requirements do you believe need to be incorporated into all new pipeline construction projects to ensure their fitness for purpose prior to commissioning?
- Lastly, though process and technology improvements may be needed, we also welcome your ideas on how we can both ensure that workers employed in these fast-paced and challenging construction projects are fully trained and qualified to carry out their duties competently?

More detailed information on the problems referenced in this letter can be found in the presentations used during the April 23, 2009 workshop. This material has been posted for public use on the internet at www.regulations.gov, and can be found by searching Docket Number PHMSA-2009-0060. The opportunity to provide input and suggestions to PHMSA on these problems and proposed solutions also remains open. Interested parties may follow the instructions on the web site to submit suggestions to the docket.

We look forward to continuing to work with you and your member companies to improve the quality and safety of the Nation's pipelines in all phases of their life cycle.

Sincerely,



Jeffrey D. Wiese
Associate Administrator for Pipeline Safety