



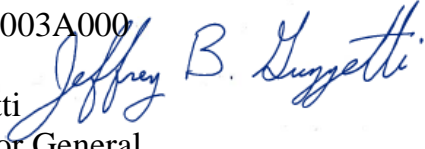
# Memorandum

**U.S. Department of  
Transportation**

Office of the Secretary  
of Transportation  
Office of Inspector General

Subject: **INFORMATION:** Audit Announcement –  
Oversight of Hazardous Liquid Pipeline Operator  
Integrity Management Programs  
Pipeline and Hazardous Materials Safety  
Administration  
Project No. 11A3003A000

Date: December 10, 2010

From: Jeffrey B. Guzzetti   
Assistant Inspector General  
for Aviation and Special Program Audits

Reply to  
Attn. of: JA-10

To: PHMSA Assistant Administrator  
and Chief Safety Officer

In the United States, 314 operators control roughly 175,000 miles of hazardous liquid pipelines, which carry crude oil, refined petroleum products, and other highly volatile liquids. These pipelines are vulnerable to ruptures caused by many factors, including corrosion and pipe defects. Of the 175,000 miles of pipeline, 77,000 have the potential to impact high-population areas. To help reduce the likelihood of such failures, Federal regulations require pipeline operators to maintain integrity management programs (IMP) for these pipelines, which are regulated and inspected by the Pipeline and Hazardous Materials Safety Administration (PHMSA) or its state safety partners.

In recent months, Congress has expressed concerns over how PHMSA oversees hazardous liquids moving through the Nation's pipelines. These concerns were prompted by a recent pipeline accident in Michigan as well as 340 hazardous liquid pipeline incidents reported by operators last year. More than 80 percent of these were caused by factors such as corrosion or cracks that an effective IMP inspection program could have identified. Therefore, we plan to assess the effectiveness of PHMSA's oversight and enforcement of hazardous liquid pipeline operators' adherence to IMP requirements.

We will contact your audit liaison to schedule an entrance conference for the week of January 10, 2010. If you have any questions, please contact Darren Murphy, Program Director, at (206) 220-7503 or Jerrold Savage, Project Manager, at (206) 220-6511.

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cc: PHMSA Associate Administrator  
for Pipeline Safety  
Gordon Delcambre, PHA-30  
Martin Gertel, M-1