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July 17, 2015

Government Letter No.: 33015  
File No.: 2.11

Chris Hoidal, Western Region Director  
Pipeline and Hazardous Materials Safety Administration  
U.S. Department of Transportation  
12300 West Dakota Avenue, Suite 110  
Lakewood, CO 80228

Subject: Response to CPF 5-2015-5010W, Warning Letter for RGV-65 Point Source Heat

Dear Mr. Hoidal:

Alyeska Pipeline Service Company (Alyeska) received the Pipeline and Hazardous Material Safety Administration's (PHMSA) Warning Letter CPF 5-2015-5010W dated June 3, 2015. PHMSA's letter addresses two conditions observed during its February 2, 2015, site visit to RGV-65 for review of Alyeska's point source heat project (project number F857). As further detailed below, immediate actions have been taken or are underway to correct and address these issues to prevent future occurrences.

Concerning PHMSA's alleged probable violation of 49 CFR 195.404(c)(3) for records of maintenance of the 6-inch bypass valve. Alyeska is reviewing internal processes for the maintenance and storage of materials to ensure that all piping and components brought into service on TAPS meet design, construction, and maintenance standards under 49 CFR 195. As part of Alyeska's lessons learned process for F857, this issue has been documented. Moving forward on the additional point source heat project specifically, this will be corrected by use of new, manufacturer tested valves.

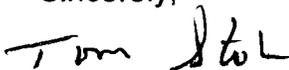
PHMSA also alleges a probable violation of 49 CFR 195.420(a), which requires each valve that is necessary for the safe operation of a pipeline system to be in good working order at all times. PHMSA field representatives noted a pair of vice grips in use to prevent a valve from closing. This use of vice grips is not considered a best practice by Alyeska and this was discussed with the contractor. An investigation was initiated and the situation was corrected immediately following the field visit. To correct this, a removable spacer was installed to hold the valve in the optimized position. In addition, we are reviewing the need to implement additional walk-throughs for contracted work to ensure Alyeska and regulatory standards are met.

Notwithstanding these corrective actions taken by Alyeska related to use of the vice grips, Alyeska respectfully disagrees that a probable violation of 195.420(a) occurred. According to PHMSA's letter, PHMSA field representatives identified the subject valve as a critical valve necessary for safe operation of the pipeline, specifically as the fuel flow control valve V-LRS-BF. However, the vice grips were not located on V-LRS-BF; they were located on the Kim-Ray valve

– a separate and distinct valve located downstream of V-LRS-BF. While V-LRS-BF is a process safety valve, the Kim-Ray valve is not. It is considered part of the burner assembly and was not represented on the P&ID originally given to PHMSA. Attached is the more detailed P&ID for your review. This valve was not necessary for safe operation of the pipeline system and therefore does not fall within the scope and intent of 195.420(a).

Alyeska takes these conditions identified by PHMSA very seriously and is working to ensure they are rectified and prevented from recurrence. If you have any additional questions please contact me at (907)787-8422.

Sincerely,



Tom Stokes

Enclosure: LRS RGV-65 P&ID

cc: Jeff Gilliam, PHMSA  
Heidi Marlowe, PHMSA