

MAR 16 2011

Mr. John Zager
General Manager, Alaska
Union Oil Company of California
3800 Centerpoint Drive, Suite 100
Anchorage, AK 99503

Re: CPF No. 5-2008-2002

Dear Mr. Zager:

Enclosed please find the Final Order issued in the above-referenced case. It withdraws two allegations of violation and issues Union Oil Company of California a warning item for a third allegation. Therefore, this case is now 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. Chris Hoidal, Director, Western Region, PHMSA
Mr. Dennis Hinnah, Deputy Director, Western Region, PHMSA

CERTIFIED MAIL - RETURN RECEIPT REQUESTED [7005 1160 0001 0041 3481]

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

_____)	
In the Matter of)	
)	
Union Oil Company of California,)	CPF No. 5-2008-2002
)	
Respondent.)	
_____)	

FINAL ORDER

From May 27 to 29, 2008, 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 Union Oil Company of California (UNOCAL or Respondent) in Cook Inlet, Alaska. UNOCAL operates onshore and offshore gas and hazardous liquid pipeline facilities throughout the Cook Inlet.

As a result of the inspection, the Director, Western Region, OPS (Director), issued to Respondent, by letter dated September 10, 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 UNOCAL had violated 49 C.F.R. Part 192 and proposed ordering Respondent to take certain measures to correct the alleged violations.

UNOCAL responded to the Notice by letter dated October 14, 2008 (Response). The company contested the allegations and offered additional information in response to the Notice. Respondent did not request a hearing and therefore has waived its right to one.

WITHDRAWAL OF ALLEGATION

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 192.479(a), which states:

§ 192.479 Atmospheric corrosion control: General.

a) Each operator must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.

The Notice alleged that UNOCAL violated § 192.479(a) by failing to clean and coat pipelines subject to atmospheric exposure. Specifically, the Notice alleged that UNOCAL's Granite Point and Bruce platform pipelines had extensive coating damage, including a section of bare pipe, at the point where they traverse the shoreline and are regularly exposed at low tide.

In its Response, UNOCAL stated that it had established an annual pipeline coating maintenance program for these pipelines, with repairs and remediation performed on a seasonal basis to accommodate the area's "extreme weather, ice, and tidal considerations."¹ UNOCAL further noted that the March 2008 OPS inspection occurred two months before that year's "construction season," when any damaged pipelines in the area are scheduled for remediation; that the company had budgeted \$500,000 for work during that season; and that it had fully remediated the Granite Point and Bruce platform pipelines by May 2008.

UNOCAL must ensure that any pipelines exposed to the atmosphere are cleaned and coated in a timely fashion. Here, the undisputed evidence shows that the Granite Point and Bruce platform pipelines had extensive coating damage in an area subject to atmospheric exposure, which indicates that timely cleaning and coating may not have occurred. More durable corrosion coating also exists for pipelines that are installed in extreme operating conditions, and the record does not indicate whether such coating is used on these pipelines.

However, UNOCAL had a procedure in place for remediating the affected pipelines, and that procedure relied on an annual remediation schedule that appears consistent with the area's unique operating conditions. Indeed, OPS has not argued that Respondent should have cleaned and coated these pipelines on more than an annual basis, or that the company failed to adhere to that program in remediating the pipelines at issue in this case.

Accordingly, after considering all of the evidence, I hereby withdraw Item 2.

Item 5: The Notice alleged that Respondent violated 49 C.F.R. § 192.749(a), which states:

§ 192.749 Vault Maintenance.

a) Each vault housing pressure regulating and pressure limiting equipment, and having a volumetric internal content of 200 cubic feet (5.66 cubic meters) or more, must be inspected at intervals not exceeding 15 months, but at least once each calendar year, to determine that it is in good physical condition and adequately ventilated.

The Notice alleged that UNOCAL violated § 192.749(a) by failing to perform a timely inspection of each vault housing pressure regulating and pressure limiting equipment having a volume in excess of 200 cubic feet. In particular, the Notice alleged that Respondent failed to perform an annual inspection of two vaults at the Trading Bay Production Facility with a volume in excess of 200 feet.

¹ Response at 1.

UNOCAL did not contest these allegations in its Response. However, the evidence shows that the vaults at issue did not contain the pressure regulating or limiting equipment required to be subject to § 192.749(a). Accordingly, after considering all of the evidence, I hereby order that Item 5 be withdrawn.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 2 and 5 in the Notice for violations of 49 C.F.R. §§ 192.479(a) and 192.749(a), respectively. As both of those Items have been withdrawn, the compliance terms proposed in the Notice are not included in this Order.

WARNING ITEMS

With respect to Item 3, the Notice alleged probable violations of Part 192 but did not propose a civil penalty or compliance order for that item. Therefore, it is considered to be a warning item. The warning was for:

49 C.F.R. § 192.605(a) (**Item 3**) — Respondent's alleged failure to prepare written procedures for conducting pipeline operations between the Granite Point Tank Farm and the Bruce and Anna Platforms and between the Easter Forelands Delivery Facility and the Dillon and Baker Platforms.

UNOCAL presented information in its Response showing that it had taken certain actions to address the cited item. Accordingly, having considered such information, I find, pursuant to 49 C.F.R. § 190.205, that a probable violation of 49 C.F.R. § 192.605(a) (Notice Item 3) occurred and Respondent has corrected that condition. If OPS finds a violation of this provision in a subsequent inspection, Respondent may be subject to future enforcement action.

The Notice also proposed to issue warnings for Items 1 and 4. With respect to Item 1, the Notice alleged that UNOCAL had violated a requirement that applies to transmission lines, 49 C.F.R. § 192.150(a), but the pipe section is not part of such a line, 49 C.F.R. § 192.3. With respect to Item 4, the Notice alleged that Respondent had violated the valve inspection requirement in 49 C.F.R. § 192.745(a), but the evidence submitted by UNOCAL shows that it had performed those inspections. Accordingly, I hereby order that Items 1 and 4 of the Notice be withdrawn.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a Petition for Reconsideration of this Final Order. 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