



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 20, 2015

Mr. Tom Barrett
President
Alyeska Pipeline Service Company
3700 Centerpoint Drive
Anchorage, AK 99503

CPF 5-2015-5010W

Dear Mr. Barrett:

On February 2, 2015, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your temporary direct-fired heater installation (Project F 857) at RGV-65 which is located approximately eighty miles north of Fairbanks, Alaska, and near the villages of Livengood and Manley Hot Springs, Alaska. By our letter dated February 11, 2015, PHMSA requested specific design, operation, and maintenance information for this heater installation.

As a result of the inspection and examination of requested information, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR), Part 195. The items inspected and the probable violations are:

1. §195.404 Maps and Records.

- (c) Each operator shall maintain the following records for the periods specified;**
(3) A record of each inspection and test required by this subpart shall be maintained for at least 2 years or until the next inspection or test is performed, whichever is longer.

Alyeska did not maintain maps and records per §195.404 (c)(3). Each pipeline operator must maintain a record for each inspection or test required by this subpart [Subpart F- Operations and Maintenance] for at least two (2) years or until the next inspection or test is performed, whichever is longer. No records for the 6-inch bypass valve used for the direct-fire heater could be provided to demonstrate compliance with §195.420 Valve Maintenance as stated in Alyeska's government letter No. 32241, dated March 14, 2014 (sic). At a minimum, a record showing what maintenance and testing were performed on the valve to indicate it is fit-for-service prior to installation into the pipeline system should be maintained. This is of particular importance when equipment, such as a valve, is routinely swapped in and out of service over an extended period of time.

Regulation §195.420(a) states that "Each operator shall maintain each valve that is necessary for the safe operation of its pipeline systems in good working order at all times." The referenced bypass valve has been used by Alyeska off and on over several years. Alyeska representatives stated that they do maintain the valves in storage, but had no records of where and when they inspected and maintained this valve while it was located either in service or in the company's storage yard prior to installing it into the mainline valve by-pass assembly.

2. §195.420 Valve maintenance.

- (a) Each operator shall maintain each valve that is necessary for the safe operation of its pipeline systems in good working order at all times.**

Alyeska was not maintaining all valves needed for the safe operation of their pipeline, specifically a critical valve at the temporary pipeline facilities near RGV-65 during the winter of 2014/2015. Alyeska was using a temporary inline heater to warm a slip stream of crude oil from the Trans-Alaska Pipeline System (TAPS) and then re-injecting the heated crude back into the TAPS system. This was being done in order to maintain the crude oil temperature in the mainline at forty (40) degrees Fahrenheit. Our representative observed that the fuel flow control valve, V-LRS-BF, was forced open with a pair of vice grips to prevent the valve from inadvertently closing. The valve being maintained in the full open position and inoperable as designed.

Discussion with Alyeska's onsite contractor representatives, Little Red Services, Inc., and Houston Contracting Company, confirmed that they were in fact disabling the control valve operation because it had been tripping "off" when not intended. The valve was intended to trip off when the heater trailer shifted, burners got too hot or when power was lost to the trailer.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item(s) identified in this letter. Failure to do so will result in Alyeska Pipeline Services Company being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2015-5010W**. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Hoidal". The signature is fluid and cursive, with a large initial "C" and "H".

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 Jeff Gilliam (#138252)