

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 17, 2009

Mr. Thomas Mushovic
General Manager
Aircraft Service International Group
6000 DeHavilland Drive
Anchorage, AK 99502-0246

CPF 5-2009-5016W

Dear Mr. Mushovic:

On February 2-5, 2009, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Aircraft Services International Group's (ASIG) facilities and records in Anchorage, Alaska.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

1. §195.577(a) What must I do to alleviate interference currents?

(a) For pipelines exposed to stray currents, you must have a program to identify, test for, and minimize the detrimental effects of such currents.

ASIG contracted with Norton Corrosion Control (Norton) to conduct ASIG's annual monitoring of the Cross-Town Pipeline's cathodic protection system. Norton conducted the annual cathodic protection survey during August 4-8, 2008. Norton Corrosion

Control provided the results of the August 2008 testing by a letter dated October 27, 2008.

For the Nikiski Pipeline crossing (test station 20) the Norton report states that, “The potential on the Nikiski pipeline indicates the test wire is broken. The positive potential may be due to interference, but there was minimal shift during the rectifier interruption, which would be more indicative of a broken wire”. Norton’s report indicates “on” structure-to-soil potential on the Nikiski pipeline of + 224 mV relative to a permanent copper-copper sulfate reference electrode (CSE) and – 30 mV relative to a portable CSE. An “instant off” structure-to-soil potential on the Nikiski pipeline is not presented in Norton’s report. Norton’s report does not include a recommendation relative to the Nikiski Pipeline crossing.

As a result of initial questioning during the inspection, it appeared that the operator was unaware of the potential cathodic interference on the Nikiski Pipeline. The operator indicated that Norton will test the foreign line crossing during the 2009 annual cathodic protection survey schedule for the summer of 2009.

Due to the potential seriousness of cathodic interference, PHMSA believes that waiting until the 2009 summer testing season before additional investigations are conducted relative to the potential cathodic interference on the Nikiski Pipeline, is not acting within a reasonable time frame.

2. §195.589 What corrosion control information do I have to maintain?

(a) You must maintain current records or maps to show the location of--

(1) Cathodically protected pipelines;

(2) Cathodic protection facilities, including galvanic anodes, installed after January 28, 2002; and

(3) Neighboring structures bonded to cathodic protection systems.

(b) Records or maps showing a stated number of anodes, installed in a stated manner or spacing, need not show specific distances to each buried anode.

ASIG must maintain maps and records of cathodic protection facilities. The isolation flanges, test stations, rectifier locations and galvanic anodes were not represented on the drawings.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any 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 identified in this letter. Failure to do so will result in ASIG 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 5-2009-5016W** and send all responses to my attention at 222 W. 7th Ave. #200, Anchorage, Alaska 99513. 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,

Dennis Hinnah
Deputy Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 B. Flanders (#123892)