

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 9, 2009

Mr. LeRoy Frank
Director of Operations
Norgasco, Inc.
4341 B, Suite 306
Anchorage, Alaska 99503

CPF 5-2009-0022W

Dear Mr. Frank:

Between April 20-23, 2009, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your facilities and records of operation in Anchorage and Prudhoe Bay, 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. §192.225 Welding Procedures**
 - (a) Welding must be performed by a qualified welder in accordance with welding procedures qualified under section 5 of API 1104 (incorporated by reference, see §192.7) or section IX of the ASME Boiler and Pressure Vessel Code "Welding and Brazing Qualifications" (incorporated by reference, see §192.7) to produce welds meeting the requirements of this subpart. The quality of the test welds used to qualify welding procedures shall be determined by destructive testing in accordance with the applicable welding standard(s).**

The operator did not provide destructive testing results for the welding procedure used on the construction of the new pressure reduction station built in 2008. The specific evidence upon which the probable violation is based is Norgasco's Weld Procedure P-1, dated January 6, 1989.

2. **§192.241 Inspection and test of welds.**
 - (a) **Visual inspection of welding must be conducted by an individual qualified by appropriate training and experience to ensure that:**
 - (1) **The welding is performed in accordance with the welding procedure; and**
 - (2) **The weld is acceptable under paragraph (c) of this section.**

Norgasco did not provide records indicating that visual inspections had been performed on in-process welding of the new pressure reduction station to ensure that the welding procedure was followed. The specific evidence upon which the probable violation is based is Norgasco's Weld Procedure P-1, dated January 6, 1989, and the welder qualification record of Jose Ramirez, NAD-102-rev-1, dated 9-16-2004.

3. **§192.739 Pressure limiting and regulating stations: Inspection and testing.**
 - (a) **Each pressure limiting station, relief device (except rupture discs), and Pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests to determine that it is—**
 - (1) **In good mechanical condition;**
 - (2) **Adequate from the standpoint of capacity and reliability of operation for the service in which it is employed;**
 - (3) **Except as provided in paragraph (b) of this section, set to control or relieve at the correct pressure consistent with the pressure limits of §192.201(a);; and**
 - (4) **Properly installed and protected from dirt, liquids, or other conditions that might prevent proper operation.**

The operator has not calibrated pressure gauges that are used to test pressure relief valves and to adjust the relief valves to ensure the correct pressure consistent with the pressure limits of §192.201(a).

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 items identified in this letter. Failure to do so will result in Norgasco Inc. 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 5-2009-0022W** and send all responses to my attention at 222 W. 7th Ave. #200, PO Box 37, 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 (#123910)