

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 2, 2010

Mr. Mike Joynor
Pipeline Vice President
Alyeska Pipeline Service Company
900 East Benson Blvd.
P.O. Box 196660
Anchorage, AK 99519-6660

CPF 5-2010-5001

Dear Mr. Joynor:

On March 13, 2009, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, completed a pipeline investigation related to a January 15, 2009 pipeline incident on the Trans Alaska Pipeline System (TAPS). TAPS is operated by Alyeska Pipeline Service Company (Alyeska). The incident resulted in an overpressure and subsequent venting of flammable vapors from breakout tanks TK-110 and TK-111 at Alyeska's Pump Station 1 in Prudhoe Bay. As a result of our investigation, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The investigation revealed the following probable violation:

- 1. §195.402 Procedural manual for operations, maintenance, and emergencies.**
 - (a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance**

activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

(d) Abnormal operation. The manual required by paragraph (a) of this section must include procedures for the following to provide safety when operating design limits have been exceeded;

(1) Responding to, investigating, and correcting the cause of;

(i) Unintended closure of valves or shutdowns;

(ii) Increase or decrease in pressure or flow rate outside normal operating limits;

(iii) Loss of communications;

(iv) Operation of any safety device;

(v) Any other malfunction of a component, deviation from normal operation, or personnel error which could cause a hazard to persons or property.

(2) Checking variations from normal operation after abnormal operation has ended at sufficient critical locations in the system to determine continued integrity and safe operation.

(3) Correcting variations from normal operation of pressure and flow equipment and controls.

Alyeska did not follow its manual of written procedures for handling abnormal operations by failing to verify or confirm system integrity before restarting the pipeline system after a breakout tank overpressure and vapor release event. On January 15, 2009, Alyeska's Pump Station 1 breakout tanks, TK-110 and TK-111, were overpressured due to the rapid influx of natural gas into the Trans Alaska Pipeline System. The natural gas was introduced by BPXA's pigging operations being conducted on their OTL system which delivers products to TAPS. This overpressure event caused the tanks' relief vents and "blow out" type hatches to open and release flammable vapors. This event is an abnormal operation.

Alyeska's OM-1, Section 3 procedures provide that in response to an abnormal operation, "The Operations Control Center (OCC) Controller will *verify system integrity* and dispatch linewise reconnaissance as appropriate." Alyeska's procedure also provides, "the OCC Controller will *restore normal operations once system integrity is confirmed.*" After the overpressure of the TK-110 and TK-111 breakout tanks and subsequent vapor release, Alyeska did not verify and confirm system integrity before restarting the pipeline system. Furthermore, Alyeska did not conduct a visual inspection of the tanks before it restarted the system. The vapor release and tank overpressure constituted a significant abnormal operation that could have harmed pipeline system integrity. Alyeska did not conduct a tank inspection until days after restarting the pipeline system.

Proposed Civil Penalty

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. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation and has recommended that you be preliminarily assessed a civil penalty of \$41,300 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$41,300

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. 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). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

In your correspondence on this matter, please refer to **CPF 5-2010-5001** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

Enclosures: *Response Options for Pipeline Operators in Compliance Proceedings*

cc: PHP-60 Compliance Registry
PHP-500 B. Flanders