CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. John Landrum  
Kenai Region Manager  
North American E&P  
Phillips Petroleum Company  
P. O. Box Drawer 66  
Kenai, AK 99611

RE: CPF No. 5-2000-3001

Dear Mr. Landrum:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It makes findings of inadequate procedures and requires revision of certain operating and maintenance procedures. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

Gwendolyn M. Hill  
Pipeline Compliance Registry  
Office of Pipeline Safety
In the Matter of

CPF No. 5-2000-3001

FINAL ORDER

On November 15-17, 1999, pursuant to 49 U.S.C. § 60117, a representative of the Western Region, Office of Pipeline Safety (OPS) conducted an on-site pipeline safety inspection of the Phillips Liquefied Natural Gas (LNG) facilities, manuals, and records in Kenai, AK. As a result of the inspection, the Director, Western Region, OPS, issued to Respondent, by letter dated January 21, 2000, a Warning Letter and Notice of Amendment. In accordance with 49 C.F.R. §§190.207 and 190.237, the Notice proposed finding that Respondent’s procedures required by 49 C.F.R. §§193.2635 and 193.2605 are inadequate. The Notice also proposed, in accordance with 49 C.F.R. §190.237, that Respondent amend these procedures.

Respondent failed to submit a Response to the Notice or request a hearing and therefore, has waived its right to one.

FINDINGS OF INADEQUATE PROCEDURES

The Notice alleged inadequacies in Respondent's Operations, Maintenance and Emergencies Manual and proposed to require amendment of Respondent's procedures to comply with the requirements of 49 C.F.R. §§193.2635 and 193.2605. Respondent did not contest the proposed Notice of Amendment. Accordingly, I find that Respondent's procedures are inadequate to ensure safe operation of its pipeline system. Pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237, Respondent is hereby ordered to make the following amendments to its procedures.

1. Amend your LNG procedures to require a three (3) year cycle for the inspection of atmospheric corrosion.

2. Amend your LNG procedures to describe how personnel are to identify circumstances that require a report of a specific safety related condition which could be encountered at your facility and how personnel are to report that condition.
3. Amend your cathodic protection monitoring procedures to address how the voltage drop across the structure-electrolyte boundary is considered.

4. Prepare the revised procedures and provide a copy for approval to the Director, Western Region, OPS, Research and Special Programs Administration, 12600 West Colfax Avenue, Suite A-250, Lakewood, Colorado 80215

Under 49 C.F.R. § 190.215, Respondent has a right to petition for reconsideration of this Final Order. The petition must be received within 20 days of Respondent's receipt of this Final Order and must contain a brief statement of the issue(s). The filing of the petition automatically stays the payment of any civil penalty assessed. All other terms of the order, including any required corrective action, shall remain in full effect unless the Associate Administrator, upon request, grants a stay. The terms and conditions of this Final Order are effective upon receipt.

Failure to comply with the Amendment may result in the assessment of civil penalties of up to $25,000 per violation per day, or in the referral of the case for judicial enforcement.

Stacy Gerard
Associate Administrator
for Pipeline Safety

JUL 27 2001
Date Issued