NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 9, 2007

8136642607

Mr. Schoffmann
Marathon Oil Company
3201 C Street, Suite 800
Anchorage, Alaska 99503

Dear Mr. Schoffmann:

On June 26, 2006, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Marathon's procedures for operating natural gas pipelines in Marathon's Anchorage office.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Marathon's plans or procedures, as described below:

1. **192.605 Procedural manual for operations maintenance and emergencies.**
   (b)(3) Making construction records, maps, and operating history available to appropriate operating personnel.


2. **192.465 External corrosion control: Monitoring.**
   (d) Each operator shall take prompt remedial action to correct any deficiencies indicated by the monitoring.
Marathon's Standard Operating & Maintenance Procedures Manual, did not indicate that prompt remedial action must be taken when deficiencies are found during corrosion control monitoring.

3. 192.485 Remedial measures: Transmission lines.
   (c) Under paragraphs (a) and (b) of this section, the strength of pipe based on actual remaining wall thickness may be determined by the procedure in ASME/ANSI B31G or the procedure in AGA Pipeline Research Committee Project PR 3-805 (with RSTRENG disk). Both procedures apply to corroded regions that do not penetrate the pipe wall, subject to the limitations prescribed in the procedures.

   Marathon's Standard Operating & Maintenance Procedures Manual did not have procedures for utilizing B31G or Rstreng to determine the remaining strength of a pipeline.

4. 192.613 Continuing surveillance,
   (b) If a segment of pipeline is determined to be in unsatisfactory condition but no immediate hazard exists, the operator shall initiate a program to recondition or phase out the segment involved, or, if the segment cannot be reconditioned or phased out, reduce the maximum allowable operating pressure in accordance with §192.619 (a) and (b).

   Marathon's Standard Operating & Maintenance Procedures Manual, did not indicate what action must be taken if a line segment is found in unsatisfactory condition.

5. 192.615 Emergency plans.
   (a) Each operator shall establish written procedures to minimize the hazard resulting from a gas pipeline emergency. At a minimum, the procedures must provide for the following:

   (1) Receiving, identifying, and classifying notices of events which require immediate response by the operator.
   (2) Establishing and maintaining adequate means of communication with appropriate fire, police, and other public officials.
   (3) Prompt and effective response to a notice of each type of emergency, including the following:

   (i) Gas detected inside or near a building.

   Marathon's Standard Operating & Maintenance Procedures Manual, did not indicate what action must be taken if gas is detected inside or near a building.

6. 192.627 Tapping pipeline under pressure.
   Each tap made on a pipeline under pressure must be performed by a crew qualified to make hot taps.
Marathon's Standard Operating & Maintenance Procedures Manual did not require that the crew that performs hot tapping must be qualified.

7. 192.709(c) Transmission lines: Record keeping.
   (c) A record of each patrol, survey, inspection, and test required by subparts L and M of this part must be retained for at least 5 years or until the next patrol, survey, inspection, or test is completed, whichever is longer.

Marathon's Standard Operating & Maintenance Procedures Manual, did not indicate that valve inspection records must be maintained for 5 years.

   (b) A weld may be repaired in accordance with §192.245 while the segment of transmission line is in service if:
   (1) The weld is not leaking;
   (2) The pressure in the segment is reduced so that it does not produce a stress that is more than 20 percent of the SMYS of the pipe; and
   (3) Grinding of the defective area can be limited so that at least 1/8-inch (3.2 millimeters) thickness in the pipe weld remains.

Marathon's Standard Operating & Maintenance Procedures Manual, did not state under what condition a field repair of a weld could be performed.

9. 192.745(b) Valve maintenance: Transmission lines.
   (b) Each operator must take prompt remedial action to correct any valve found inoperable, unless the operator designates an alternative valve.

Marathon's Standard Operating & Maintenance Procedures Manual, did not indicate that prompt remedial action must be taken when an inoperable valve is found.

10. 192.749 Vault maintenance.
    (a) Each vault housing pressure regulating and pressure limiting equipment, and having a volumetric internal content of 200 cubic feet (5.66 cubic meters) or more, must be inspected at intervals not exceeding 15 months, but at least once each calendar year, to determine that it is in good physical condition and adequately ventilated.
    (b) If gas is found in the vault, the equipment in the vault must be inspected for leaks, and any leaks found must be repaired.
    (c) The ventilating equipment must also be inspected to determine that it is functioning properly.
    (d) Each vault cover must be inspected to assure that it does not present a hazard to public safety.

Marathon's Standard Operating & Maintenance Procedures Manual did not indicate that vault inspections must be conducted annually.
Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. 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.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 60 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

In correspondence concerning this matter, please refer to CPF 5-2007-0012M 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

Enclosure: Response Options for Pipeline Operators in Compliance Proceedings

cc: PHP-60 Compliance Registry
    PHP-500 B. Flanders (#116676)