



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 10, 2008

Mr. John Zager
General Manager
Union Oil Company of California
909 West 9th Avenue
Anchorage, AK 99501

CPF 5-2008-2002

Dear Mr. Zager:

On May 27-29, 2008, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected the following Union Oil Company of California's (UOCC) -operated natural gas facilities in Cook Inlet, Alaska: The offshore oil platforms Steelhead, Granite Point, and Dillon; and the onshore pipelines at the Trading Bay Production Facility and Granite Point Tank Farm.

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, Part 192. The items inspected and the probable violations are:

1. **§192.150 Passage of internal inspection devices**
 - (a) **Except as provided in paragraphs (b) and (c) of this section, each new transmission line and each replacement of line pipe, valve, fitting, or other line component in a transmission line must be designed and constructed to accommodate the passage of instrumented internal inspection devices.**

Grayling Gas Pipeline B is unpiggable at this time due to a repair completed in 2004. That repair was in response to a Safety Related Condition reported to PHMSA on July 12, 2004. The repair reduced the pipeline diameter from 10" to 6" thereby making it unable to allow passage of an internal inspection device.

Evidence:

1. Safety Related Condition Report on Grayling gas pipeline, July 2004.
2. P&ID showing Furmanite Sleeve on Grayling line B.
3. Furmanite Sleeve vendor data.

2. **§192.479 Atmospheric corrosion control;**
(a) Each operator must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.

The Granite Point and Bruce pipelines traverse the shoreline and are exposed at very low tide. Unocal has a maintenance program that attempts to stabilize and repair coating damage occurring on these lines whenever possible. However, during the field inspection of the pipeline right-of-way along the coast line, extensive coating damage was found, along with a section of bare pipe. Photographs were taken, and Unocal recorded the GPS locations for maintenance work.

Evidence:

1. Five (5) photographs of exposed pipe along the shoreline with coating missing or damaged.

3. **§192.605 Procedural manual for operations, maintenance, and emergencies**
Each operator shall include the following in its operating and maintenance plan:
(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least one each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

The Pipeline Safety Operations Manual (PSOM) does not include operational procedures to flow gas from the Granite Point Tank Farm to the Bruce and Anna Platforms. Similarly, the PSOM lacks procedures to flow gas from the East Forelands Delivery Facility to the Dillon and Baker Platforms.

Evidence:

1. POSM for Bruce Platform to Granite Point Tank Farm:
 - General Description, 2 pages
 - Platform Description, 2 Pages
 - Start Up, 2 pages
 - Pigging, 4 pages

4. **§192.745 Valve maintenance: Transmission lines.**
(a) Each transmission line valve that might be required during any emergency must be inspected and partially operated at intervals not exceeding 15 months, but at least once each calendar year.

UOCC did not properly inspect all of the natural gas transmission valve on the Grayling platform. Valve R-SDV 1847 on Gas Line B was not partially operated in April 2005 in order to confirm it was functioning properly.

Evidence:

1. Valve maintenance record .

5. **§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.

There are two valve vaults at Trading Bay Production Facility that have a volume in excess of 200 cubic feet. These vaults are not being inspected annually.

Evidence:

1. Two (2) photographs of valve vaults.

Proposed Compliance Order

With respect to Items 2 and 5 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Union Oil Company of California. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Items

With respect to Items 1, 3, & 4, 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 promptly correct this item. Be advised that failure to do so may result in Unocal being subject to additional enforcement action.

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 5-2008-2002** 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

cc: PHP-60 Compliance Registry
PHP-500 B. Flanders (#120666, 120667, 122013)

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

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Union Oil Company of California a Compliance Order incorporating the following remedial requirements to ensure compliance with Federal pipeline safety regulations:

1. In regards to **Item Number 2** of the Notice pertaining to the exposed pipelines and coating damage, within nine (9) months of receipt of the Final Order, UOCC shall provide evidence of repair of the coating damage.
2. In regards to **Item Number 5** of the Notice pertaining to the inspection of valve vaults at Trading Bay, within three (3) months of receipt of the Final Order, Unocal shall provide evidence of procedures and inspection of valve vaults.
3. Unocal shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Chris Hoidal, Director, Pipeline and Hazardous Materials Safety Administration. Costs shall be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.