

## WARNING LETTER

### VIA UPS GROUND

December 14, 2011

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

**CPF 5-2011-5021W**

Dear Mr. Joynor:

On June 13, 2011, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Alyeska Pipeline Service Company's (Alyeska) pipeline segment between Milepost 367 and Milepost 496, including Pump Stations 7 & 8, in 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. **§195.452 Pipeline integrity management in high consequence areas.**
  - (j) *What is a continual process of evaluation and assessment to maintain a pipeline's integrity?—*
    - (2) ***Evaluation.* An operator must conduct a periodic evaluation as frequently as needed to assure pipeline integrity. An operator must base the frequency of evaluation on risk factors specific to its pipeline, including the factors specified in paragraph (e) of this section. The evaluation must consider the results of the baseline and periodic integrity assessments, information analysis (paragraph (g) of this section), and**

**decisions about remediation, and preventive and mitigative actions (paragraphs (h) and (i) of this section).**

Alyeska has not included the barrel sleeve at Mile Post 457.53 in its continual process of evaluation and assessment. During the inspection on June 15, 2011, OPS observed the barrel sleeve at Mile Post 457.53 on the mainline and requested that Alyeska provide information concerning internal corrosion inspection on this sleeve. OPS sent a formal request for the same information to Alyeska in a Request for Specific Information on July 5, 2011.

Alyeska's response dated September 1, 2011, indicated that this sleeve was installed in 1989 over a bolted split sleeve that had been installed in 1978. Alyeska's September 1<sup>st</sup> letter also stated "To date, there have been no inspections or assessments completed at this location".

This sleeve must be included in Alyeska's integrity management program, and must be investigated for corrosion. This particular sleeve presents a corrosion risk because water and solids may accumulate inside of the barrel. Such water and solids may contribute to internal corrosion, particularly because they may not be removed during maintenance pigging operations. In addition, ILI tools cannot detect corrosion damage inside a barrel sleeve. Given the corrosion risks, Alyeska should include this barrel sleeve in their internal corrosion control program.

This probable violation is based on photographs, conversation, the information received from Alyeska's Government Letter No. 24186, and Alyeska's IM-244, TAPS Integrity Management Plan for High Consequence Areas.

**2. § 195.579 What must I do to mitigate internal corrosion?**

**(b) *Inhibitors.* If you use corrosion inhibitors to mitigate internal corrosion, you must –**

**(2) Use coupons or other monitoring equipment to determine the effectiveness of the inhibitors in mitigating internal corrosion; and**

Alyeska is not properly determining the effectiveness of their internal corrosion inhibitors. The existing pipeline coupons used to monitor the effectiveness of corrosion inhibitors are currently installed at high points in the pipeline that do not reflect conditions of the below-ground pipeline segments. The below-ground segments differ because the heavier fluids settle and wax and solids accumulate on the bottom of the pipe. The procedures, type and quantity of inhibitor could be significantly different if coupons are measuring corrosion activity in the below-ground segments of piping.

Alyeska uses corrosion inhibitors in the 36-inch diameter relief piping at Pump Station 07. The suction and discharge relief lines are no longer connected to the relief valves at PS07. These sections of crude piping are known as "dead legs" because they are part of the pipeline system that experiences low or no flow. Dead legs are susceptible to internal corrosion. These dead legs consist of both above-ground and below-ground segments. During the

inspection, OPS observed that the coupons used to monitor corrosion were only installed on high points in the relief piping.

Alyeska's Integrity Management Engineering Team gave a PowerPoint presentation of Alyeska's Internal Corrosion Program on June 24, 2010, at PHMSA's Anchorage office. The presentation provided Alyeska's plans for mitigating internal corrosion in the 36" relief dead legs at their Pump Stations, but did not make any representations about the dead legs at PS07.

This probable violation is based on photographs, conversation, and the information presented during Alyeska's Internal Corrosion Program presentation on June 24, 2010.

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 Alyeska Pipeline Service Company 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 5-2011-5021W** and send all documents to our office at 188 W. Northern Lights Blvd., Suite 520, Anchorage, AK 99503. 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 (#133348)