

# WARNING LETTER

## CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 16, 2016

Mr. Jared Green  
President  
Alaska Pipeline Company  
3000 Spenard Road  
Anchorage, AK 99518

**CPF 5-2016-0003W**

Dear Mr. Green:

Between October 27, 2014 and January 8, 2015, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Alaska Pipeline Company's (APC) Beluga Pipeline system in the Anchorage, Kenai Peninsula, and Matanuska-Susitna Boroughs, 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. § 192.491 Corrosion control records.**

**(c) Each operator shall maintain a record of each test, survey, or inspection required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist. These records must be retained for at least 5 years, except that records related to §§ 192.465 (a) and (e) and 192.475(b) must be retained for as long as the pipeline remains in service.**

At the time of PHMSA's inspection, Alaska Pipeline Company did not have a record of the examination of all of buried pipe when exposed. Pursuant to § 192.459 *External corrosion control: Examination of buried pipeline when exposed*, whenever an operator has knowledge that any portion of a buried pipeline is exposed, the exposed portion must be examined. Pursuant to § 192.491 *Corrosion control records*, exposed pipe examination reports must be maintained. At the time of PHMSA's initial request (between October 27 and November 17, 2014) for exposed pipe examination reports related to the MP39 Pipeline Lowering Project and MEA Eklutna Lateral Hot Tap Project, APC was unable to provide such reports. Both projects were conducted in September 2013. Subsequent to APC's initial failure to provide the requested reports, APC provided the requested exposed pipe examination reports. The provided exposed pipe examination reports were dated between November 21-26, 2014, after PHMSA's initial request and over one year after the projects were completed. Although the requested records were eventually provided, they were not completed in a timely manner to demonstrate the adequacy of external corrosion control measures at the time of pipe examination.

## 2. § 192.491 Corrosion control records.

**(c) Each operator shall maintain a record of each test, survey, or inspection required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist. These records must be retained for at least 5 years, except that records related to §§ 192.465 (a) and (e) and 192.475(b) must be retained for as long as the pipeline remains in service.**

At the time of PHMSA's inspection, Alaska Pipeline Company did not have a record of the inspection of internal surfaces of all pipe removed from a pipeline. Pursuant to § 192.475 *Internal corrosion control: General*, whenever any pipe is removed from a pipeline for any reason, the internal surface must be inspected for evidence of corrosion. Pursuant to § 192.491 *Corrosion control records*, internal pipe inspection reports must be maintained. At the time of PHMSA's initial request (between October 27 and November 17, 2014) for internal pipe inspection reports related to the MP39 Pipeline Lowering Project, MEA Lateral Hot Tap Project, and Vine Rd Third Party Damage incident, APC was unable to provide such reports. The MP39 Pipeline Lowering Project and MEA Lateral Hot Tap Project were conducted in September 2013. The Vine Rd Third Party Damage incident occurred in June 2014. Subsequent to APC's initial failure to provide the requested reports, APC provided the requested internal pipe inspection reports. The provided internal pipe inspection reports were dated between November 21-26, 2014, after PHMSA's initial request. The Vine Rd Third Party Damage incident internal pipe inspection report was completed over 5 months after the incident. The MP39 Pipeline Lowering Project and MEA Lateral Hot Tap Project internal inspection reports were completed over one year after the respective projects were completed. Although the requested records were eventually provided, they were not completed in a timely manner to demonstrate the adequacy of internal corrosion measures at the time of pipe removal.

**3. § 192.517 Records.**

**(a) Each operator shall make, and retain for the useful life of the pipeline, a record of each test performed under §§ 192.505 and 192.507. The record must contain at least the following information:**

**(1) The operator's name, the name of the operator's employee responsible for making the test, and the name of any test company used.**

**(2) Test medium used.**

**(3) Test pressure.**

**(4) Test duration.**

**(5) Pressure recording charts, or other record of pressure readings.**

**(6) Elevation variations, whenever significant for the particular test.**

**(7) Leaks and failures noted and their disposition.**

At the time of PHMSA's inspection, Alaska Pipeline Company did not have a complete record of the pressure test performed on the MEA Eklutna Lateral. When initially requested by PHMSA, APC provided a pressure test record for the MEA Eklutna Lateral which consisted of a pressure/temperature chart and a Certificate of Conformance Calibration for a pressure/temperature recorder. The initial pressure test record provided lacked the following information: date test was performed, operator's name, operator's employee responsible for making the test, name of any test company used, and test medium used. In addition, the Certificate of Conformance Calibration initially provided for the pressure/temperature recorder did not match the recorder information documented on the pressure/temperature chart. As a result of PHMSA's inspection the operator modified the pressure testing record for the MEA Eklutna Lateral. The pressure test was conducted on September 5, 2013 and the modified pressure test record was completed on October 30, 2014. The pressure test record was completed over 1 year after the pressure test was conducted and, as such, was not adequate at the time of our inspection.

**4. § 192.945 What methods must an operator use to measure program effectiveness?**

**(a) General. An operator must include in its integrity management program methods to measure whether the program is effective in assessing and evaluating the integrity of each covered pipeline segment and in protecting the high consequence areas. These measures must include the four overall performance measures specified in ASME/ANSI B31.8S (incorporated by reference, see § 192.7 of this part), section 9.4, and the specific measures for each identified threat specified in ASME/ANSI B31.8S, Appendix A. An operator must submit the four overall performance measures as part of the annual report required by § 191.17 of this subchapter.**

Alaska Pipeline Company did not adequately measure its integrity management program effectiveness. Section 10 of APC's Integrity Management Plan states that the Performance Tracking Spreadsheet is used for documentation of the integrity management plan performance data. Alaska Pipeline Company provided a Performance Tracking Spreadsheet dated October 6, 2014 as evidence of measuring the integrity management program effectiveness, indicated that

the spreadsheet was under development, and acknowledged that the for the most part the spreadsheet was not populated. Without meaningful integrity management plan performance data, APC has failed to adequately demonstrate the effectiveness of their integrity management program.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a 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 APC 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 5-2016-0003W**. 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,

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 Johnson (#147583)