

## **WARNING LETTER**

### **CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

August 15, 2017

Mr. Joseph Marushack  
President  
ConocoPhillips Alaska, Inc.  
700 G Street  
P.O. Box 100360  
Anchorage, Alaska 99501

**CPF 5-2017-6030W**

Dear Mr. Marushack:

On August 17 through 19 and August 29 through 31, 2016, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Alpine Diesel Pipeline on the Alaskan North Slope and related documents in Anchorage, Alaska.

As a result of the inspection, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

1. **§195.581 Which pipelines must I protect against atmospheric corrosion and what coating material may I use?**
  - (a) **You must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.**
  - (b) **Coating material must be suitable for the prevention of atmospheric corrosion.**
  - (c) **Except portions of pipelines in offshore splash zones or soil -to-air interfaces, you need not protect against atmospheric corrosion any pipeline for which you demonstrate by test, investigation, or experience appropriate to the environment of the pipeline that corrosion will-**
    - (1) **Only be a light surface oxide; or**
    - (2) **Not affect the safe operation of the pipeline before the next scheduled inspection.**

ConocoPhillips Alaska, Inc. (CPAI) did not provide records demonstrating that its Alpine Diesel Pipeline was protected from atmospheric corrosion. CPAI produced a March 2, 2013 API inspection report, including inspection of atmospheric corrosion, which stated that the pipeline was “showing signs of external scale due to oxidation.” The subsequent 2016 API 570 inspection report stated nothing about external corrosion. Visual inspection of the uncoated Alpine Diesel Pipeline at the Colville River crossing revealed significant scaling and pitting corrosion, not a light surface oxide. No records provided by CPAI demonstrated by test, investigation, or experience appropriate to the environment of the pipeline that corrosion was only a light surface oxide or did not affect the safe operation of the pipeline before the next scheduled inspection.

2. **§195.583 What must I do to monitor atmospheric corrosion control?**
  - (a) **You must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:**

**If the pipeline is located: Onshore Then the frequency of inspection is: At least once every 3 calendar years, but with intervals not exceeding 39 months.**

**If the pipeline is located: Offshore Then the frequency of inspection is: At least once each calendar year, but with intervals not exceeding 15 months.**
  - (b) **During inspections you must give particular attention to pipe at soil-to-air Interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.**
  - (c) **If you find atmospheric corrosion during an inspection, you must provide protection against the corrosion as required by §195.581.**

CPAI provided a March 2, 2013 record of an API 570 inspection, including inspection of atmospheric corrosion, which stated that the Alpine Diesel Pipeline “was showing signs of external scale due to oxidation.” The succeeding January 2016 API 570 inspection report was silent about external corrosion. Additionally, CPAI’s API 570 Checklist Inspection Report form does not include provisions for looking at uncoated or covered/insulated parts of the pipeline facilities. Visual inspections of the Alpine Diesel Pipeline by PHMSA

representatives confirm that oxidation is present, as well as scaling and pitting. For the reasons stated above, the operator's 2016 atmospheric inspection is not sufficient to satisfy §195.583.

As of April 27, 2017, under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists up to a maximum of \$2,090,022 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 item(s) identified in this letter. Failure to do so will result in CPAI 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 5-2017-6030W**. 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,

Kim West  
Acting Director, Western Region  
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry  
PHP-500 H. Marlowe/J. Owens (#153689)