

June 15, 2021

VIA ELECTRONIC MAIL TO: harry.brower@north-slope.org

The Honorable Harry K. Brower, Jr., Mayor
Mayor of the North Slope Borough
North Slope Borough Energy Management
P.O. Box 69
Barrow, Alaska 99723

Re: CPF No. 5-2020-0010

Dear Mayor Brower:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation, assesses a civil penalty of \$151,900, and specifies actions that need to be taken by North Slope Borough Energy Management to comply with the pipeline safety regulations. The penalty payment terms are set forth in the Final Order. When the civil penalty has been paid and the terms of the compliance order completed, as determined by the Director, Western Region, this enforcement action will be closed. Service of the Final Order by electronic mail is effective upon the date of transmission as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Dustin Hubbard, Director, Western Region, Office of Pipeline Safety, PHMSA
Mr. Scott K. Danner, Director, Department of Public Works, North Slope Borough,
scott.danner@north-slope.org

CONFIRMATION OF RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

In the Matter of

North Slope Borough Energy Management,

Respondent.

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) **CPF No. 5-2020-0010**
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FINAL ORDER

On December 9-13, 2019, and March 10, 2020, pursuant to 49 U.S.C. § 60117, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of North Slope Borough Energy Management (NSB) in Utqiagvik and North Slope Borough, Alaska. NSB operates the Barrow and Nuiqsut natural gas pipelines with over 160 miles of plastic pipe.

As a result of the inspection, the Director, Western Region, OPS (Director), issued to Respondent, by letter dated November 18, 2020, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice), which also included a warning pursuant to 49 C.F.R. § 190.205. In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that NSB had committed thirteen (13) violations of 49 C.F.R. Part 192 and proposed assessing a civil penalty of \$151,900 for the alleged violations. The Notice also proposed ordering Respondent to take certain measures to correct the alleged violations. The warning items required no further action, but warned the operator to correct the probable violations or face possible future enforcement action.

NSB responded to the Notice by letter dated December 2, 2020 (Response). The company contested two of the allegations, offered additional information in response to the Notice, requested that the proposed civil penalty be reduced, and requested that the proposed compliance order be modified.

FINDINGS OF VIOLATION

The Notice alleged that Respondent violated 49 C.F.R. Part 192, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 192.203(b)(9), which states in relevant part:

§ 192.203 Instrument, control, and sampling pipe and components.

(a)

(b) *Materials and design.* All materials employed for pipe and components must be designed to meet the particular conditions of service and the following:

(9) Each control line must be protected from anticipated causes of damage and must be designed and installed to prevent damage to any one control line from making both the regulator and the over-pressure protective device inoperative.

The Notice alleged that Respondent violated 49 C.F.R. § 192.203(b)(9) by not protecting the control line between the Primary Gas Handling Facility and Pipeline Valve Station 1 from anticipated causes of damage, like sloughing snow or ice, on the Barrow natural gas pipeline. Specifically, the Notice alleged that four pressure control valves (PCV214A, PCV214B, PCV237A, and PCV237B) share a common stainless steel sensing/control line, which is located outside and shares pipe supports with nearby piping. The sensing/control line could be damaged by sloughing snow or ice, particularly at the mid-point of the span between pipe supports. NSB did not protect the sensing/control line from anticipated sloughing snow or ice.

In its Response, NSB stated its belief that the line was well protected, but did not provide any additional evidence or documentation to demonstrate compliance with § 192.203. NSB stated, however, that it would retain a third-party engineer to assess the line configuration to determine what changes, if any, were necessary to ensure compliance with § 192.203 and would provide that information to the Director.

After considering all the evidence, I find that Respondent did not present any evidence to rebut the alleged violation in the Notice. Accordingly, I find that Respondent violated 49 C.F.R. § 192.203(b)(9) by failing to protect each control line from anticipated causes of damage.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 192.465(d) which states:

§ 192.465 External corrosion control: Monitoring.

(a)

(d) Each operator shall take prompt remedial action to correct any deficiencies indicated by the monitoring.

The Notice alleged that Respondent violated 49 C.F.R. § 192.465(d) by failing to take prompt remedial action to correct deficiencies found during its 2017, 2018, and 2019 cathodic protection (CP) monitoring of the Nuiqsut natural gas pipeline. Specifically, the Notice alleged that the CP inspections found locations along the buried portion of the Nuiqsut natural gas pipeline that did not meet one or more applicable criteria contained in appendix B of Part 192. Despite NSB's records showing inadequate CP potentials, Respondent failed to take any remedial measures to ensure the pipeline meets CP requirements.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all the evidence, I find that Respondent violated 49 C.F.R. § 192.465(d) by failing to take prompt remedial action to correct deficiencies indicated by CP monitoring and inspections.

Item 3: The Notice alleged that Respondent violated 49 C.F.R. § 192.467(a), which states:

§ 192.467 External corrosion control: Electrical isolation.

(a) Each buried or submerged pipeline must be electrically isolated from other underground metallic structures, unless the pipeline and the other structures are electrically interconnected and cathodically protected as a single unit.

The Notice alleged that Respondent violated 49 C.F.R. § 192.467(a) by failing to isolate the buried segment of the Nuiqsut natural gas pipeline from other underground metallic structures. The Notice further alleged the pipeline and other structures were not electrically interconnected and cathodically protected as a single unit. Specifically, the Notice alleged that CP inspection reports noted that a bare copper wire was bonded to the Nuiqsut transmission pipeline. Furthermore, NSB could not verify that the pipeline was isolated from the pressure reducing valve facility piping.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all the evidence, I find that Respondent violated 49 C.F.R. § 192.467(a) by failing to electrically isolate the buried pipeline from other underground metallic structures.

Item 4: The Notice alleged that Respondent violated 49 C.F.R. § 192.467(d), which states:

§ 192.467 External corrosion control: Electrical isolation.

(a)

(d) Inspection and electrical tests must be made to assure that electrical isolation is adequate.

The Notice alleged that Respondent violated 49 C.F.R. § 192.467(d) by failing to make inspections and electrical tests to assure that electrical isolation is adequate at the upstream end of the buried segment of the Nuiqsut natural gas pipeline. Specifically, the Notice alleged that PHMSA observed potential lack of isolation between the pipeline and the buried, bare steel vertical support members which support the above ground pipeline. NSB was unable to demonstrate that an inspection and electrical test had occurred at this location and that the electrical isolation was adequate.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.467(d) by failing to inspect and conduct electrical tests to assure that electrical isolation is adequate at the upstream end of the buried segment of the Nuiqsut natural gas pipeline.

Item 5: The Notice alleged that Respondent violated 49 C.F.R. § 192.479(a), which states:

§ 192.479 Atmospheric corrosion control: General.

(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 Notice alleged that Respondent violated 49 C.F.R. § 192.479(a) by failing to clean and coat each portion of the Nuiqsut natural gas pipeline that was exposed to the atmosphere. Specifically, the Notice alleged that NSB operated the Nuiqsut natural gas pipeline between 2010 and 2018 without adequate atmospheric corrosion control coating, and with corrosion present that was beyond light surface oxide. NSB also failed to demonstrate that the corrosion would not affect the safe operation of the pipeline before the next schedule inspection under the § 192.479(c)(2) exception.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all the evidence, I find that Respondent violated 49 C.F.R. § 192.479(a) by failing to clean and coat each pipeline that is exposed to the atmosphere.

Item 6: The Notice alleged that Respondent violated 49 C.F.R. § 192.481(a), which states in relevant part:

§ 192.481 Atmospheric corrosion control: Monitoring.¹

(a) Each operator must inspection each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:

If the pipeline is located:	Then the frequency of inspection is:
Onshore	At least once every 3 calendar years, but with intervals not exceeding 39 months
Offshore	At least once each calendar year, but with intervals not exceeding 15 months

The Notice alleged that Respondent violated 49 C.F.R. § 192.481(a) by failing to inspect the aboveground portions of the Barrow natural gas pipeline within the required frequency. Specifically, the Notice alleged that NSB inspected the Barrow natural gas pipeline in July 2014, and then in September 2018, which exceeded the maximum 39-month inspection interval for onshore pipelines.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.481(a) by failing to inspect each pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion within the required interval of once every three calendar years, not exceeding 39 months.

Item 7: The Notice alleged that Respondent violated 49 C.F.R. § 192.481(a), as quoted above.

The Notice alleged that Respondent violated 49 C.F.R. § 192.481(a) by failing to inspect every

¹ Section 192.481(a) was amended on January 11, 2021 (86 FR 2240). The version quoted here was in effect at the time of the PHMSA inspection and issuance of the Notice.

portion of the Barrow natural gas pipeline that was exposed to the atmosphere for evidence of atmospheric corrosion during NSB's September 2018 atmospheric corrosion inspection. Specifically, the Notice alleged that the September 2018 atmospheric corrosion inspection failed to inspect the "S-Curve" separator at Valve Station 2 and its associated aboveground pipeline and valves.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.481(a) by failing to inspect the "S-Curve" separator and associated piping and valves as part of NSB's September 2018 atmospheric corrosion inspection.

Item 8: The Notice alleged that Respondent violated 49 C.F.R. § 192.481(b), which states:

§ 192.481 Atmospheric corrosion control: Monitoring.

(a)

(b) During inspections the operator must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbanded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.

The Notice alleged that Respondent violated 49 C.F.R. § 192.481(b) by failing to inspect the Nuiqsut natural gas pipeline at soil-to-air interfaces and under thermal insulation. Specifically, the Notice alleged that NSB atmospheric corrosion records for the 2014 and 2017 inspection reports showed that NSB inspected the pipeline, but did not inspect soil-to-air interfaces and areas of thermal insulation.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.481(b) by failing to inspect the soil-to-air interfaces and under thermal insulation as part of NSB's atmospheric corrosion inspections.

Item 9: The Notice alleged that Respondent violated 49 C.F.R. § 192.614(c)(1), which states:

§ 192.614 Damage prevention program.

(a)

(c) The damage prevention program required by paragraph (a) of this section must, at a minimum:

(1) Include the identity, on a current basis, of persons who normally engage in excavation activities in the areas in which the pipeline is located.

The Notice alleged that Respondent violated 49 C.F.R. § 192.614(c)(1) by failing to include, in NSB's damage prevention program, the identity of persons who normally engage in excavation activities in the area in which its pipelines are located. Specifically, the Notice alleged that during the inspection, NSB personnel stated that the operator did not maintain a list of any such excavators.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all

of the evidence, I find that Respondent violated 49 C.F.R. § 192.614(c)(1) by failing to include, in its damage prevention program, the identity, on a current basis, of persons who normally engage in excavation activities in the area in which NSB has located its pipelines.

Item 12: The Notice alleged that Respondent violated 49 C.F.R. § 192.707(c), which states:

§ 192.707 Line markers for mains and transmission lines.

(a)

(c) *Pipelines aboveground.* Line markers must be placed and maintained along each section of a main and transmission line that is located aboveground in an area accessible to the public.

The Notice alleged that Respondent violated 49 C.F.R. § 192.707(c) by failing to place and maintain line markers along each section of the Barrow natural gas pipeline that is located aboveground in an area accessible to the public. Specifically, the Notice alleged that NSB failed to place and maintain line markers along an above-ground portion of the Barrow pipeline located on a causeway that is accessible to the public.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.707(c) by failing to place and maintain line markers along the section of the Barrow pipeline located on a causeway that is accessible to the public.

Item 13: The Notice alleged that Respondent violated 49 C.F.R. § 192.739(a), which states in relevant part:

§ 192.739 Pressure limiting and regulating stations: Inspection and testing.

(a) Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests

The Notice alleged that Respondent violated 49 C.F.R. § 192.739(a) by failing to inspect each pressure regulating station at least each calendar year at intervals not to exceed 15 months. Specifically, the Notice alleged that NSB's records only demonstrated it inspected its Barrow natural gas pipeline's pressure control valves on June 11, 2016, and then again on December 7, 2017, which exceeded the 15-month maximum interval.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.739(a) by exceeding the maximum, 15-month interval for inspecting its pressure regulating stations.

Item 14: The Notice alleged that Respondent violated 49 C.F.R. § 192.739(a), which states:

§ 192.739 Pressure limiting and regulating stations: Inspection and

testing.

(a) Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests to determine that it is—

- (1) In good mechanical condition;
- (2) Adequate from the standpoint of capacity and reliability of operation for the service in which it is employed;
- (3) Except as provided in paragraph (b) of this section, set to control or relieve at the correct pressure consistent with the pressure limits of § 192.201(a); and
- (4) Properly installed and protected from dirt, liquids, or other conditions that might prevent proper operation.

The Notice alleged that Respondent violated 49 C.F.R. § 192.739(a) by failing to ensure that pressure control valve, PCV-214A, was “in good mechanical condition” during its June 2016 inspection. Specifically, the Notice alleged that NSB’s June 2016 inspection documentation indicated that there was an audible leak-by at PCV-214A and that the valve needed to be re-built. NSB had not repaired the valve by NSB’s next inspection in December 2017, or by PHMSA’s 2019/2020 inspection.

In its Response, NSB claimed the valve was in good mechanical condition, and provided an email from the vendor of the pressure control valve which claimed that the valve, when operating in accordance with the manufacturer’s tolerances, can flow up to approximately 88 scfm (standard cubic feet per minute) when closed.

Having considered the information presented, I find that during NSB’s June 2016 inspection, the operator noted an audible leak-by, and that the valve needed to be re-built, but failed to take any action until after PHMSA’s 2019/2020 inspection. NSB has not provided any evidence of inspecting or testing the valve to make sure it is in good mechanical condition as required by the regulation. The vendor’s statement that Respondent produced, which was based on the purchase specification, does not represent a regulatory or performance standard for in-situ valves. It was also dated November 2020, over four years after Respondent’s own records indicated that the valve needed to be re-built. NSB also did not provide any evidence that it had investigated the actual flow rate of the valve to ensure that it was not injurious to the pipeline downstream of PCV-214A. NSB had installed this valve in parallel with PCV-214B, but only one was having an audible leak-by, which indicates some degradation of performance. NSB’s records did not demonstrate the operator conducted periodic preventative maintenance consistent with the original equipment manufacturers’ recommendations. Therefore, the evidence demonstrates Respondent failed to properly determine the valve was in good mechanical condition.

Accordingly, after considering all of the evidence, I find that Respondent violated 49 C.F.R. § 192.739(a) by failing to ensure that pressure control valve, PCV-214A, was “in good mechanical condition.” .

Item 15: The Notice alleged that Respondent violated 49 C.F.R. § 192.743(a), which states:

§ 192.743 Pressure limiting and regulating stations: Capacity of relief devices.

(a) Pressure relief devices at pressure limiting stations and pressure regulating stations must have sufficient capacity to protect the facilities to which they are connected. Except as provided in § 192.739(b), the capacity must be consistent with the pressure limits of § 192.201(a). This capacity must be determined at intervals not exceeding 15 months, but at least once each calendar year, by testing the devices in place or by review and calculations.

The Notice alleged that Respondent violated 49 C.F.R. § 192.743(a) by failing to test in place or review the capacity of the relief devices at the pressure regulating stations in the Primary Gas Handling Facility (PGHF) and the South Gas Handling Facilities (SGHF). Specifically, the Notice alleged that the PGHF and SGHF both have pressure regulating stations that reduce the pressure from the gathering system to the Barrow transmission pipeline's operating pressure. The pressure relief valves for PGHF and SGHF, PSV 360 and RV005 respectively, have never been tested in place, and NSB has not reviewed the capacity calculations.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.743(a) by failing to test in place or review the capacity of relief devices, PSV 360 and RV005, to determine their respective capacities.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations.² In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; any effect that the penalty may have on its ability to continue doing business; the good faith of Respondent in attempting to comply with the pipeline safety regulations; and self-disclosure or actions to correct a violation prior to discovery by PHMSA. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require. The Notice proposed a total civil penalty of \$151,900 for the violations cited above.

Item 6: The Notice proposed a civil penalty of \$38,000 for Respondent's violation of 49 C.F.R.

² These amounts are adjusted annually for inflation. See 49 C.F.R. § 190.223.

§ 192.481(a), for failing to inspect the aboveground portions of the Barrow natural gas pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion within the maximum 39-month interval.

In its Response, NSB stated that it self-corrected this oversight and brought itself into compliance with PHMSA's requirements. NSB requested that the proposed civil penalty be reconsidered in light of the operator's actions to self-correct this oversight prior to any notice from PHMSA.

While Respondent indicated that it has corrected the violation by completing the required inspection, Respondent remediated the violation only after PHMSA discovered the violation during an inspection and well beyond the interval established by the regulation. Under such circumstances, I find a penalty reduction is not warranted. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$38,000 for violation of 49 C.F.R. § 192.481(a).

Item 13: The Notice proposed a civil penalty of \$55,200 for Respondent's violation of 49 C.F.R. § 192.739(a), for failing to inspect each pressure regulating station for the Barrow natural gas pipeline at least once each calendar year at intervals not to exceed 15 months.

In its Response, NSB claimed two justifications for a penalty reduction: (1) its Gas Field Operations have self-corrected this specific oversight, and (2) it has met this annual requirement for inspection in each subsequent year since the violation. The operator requested a penalty recalculation to reflect this information.

First, as stated above, I do not find a penalty reduction is warranted where Respondent has remediated a violation after it was discovered by PHMSA. Here, NSB corrected the violation after PHMSA discovered it during the 2019/2020 inspection. Second, subsequent compliance after remediation does not justify a penalty reduction, as Respondent already has an obligation to comply with the regulation going forward. For these reasons, I do not find sufficient grounds to reduce the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$55,200 for violation of 49 C.F.R. § 192.739(a).

Item 14: The Notice proposed a civil penalty of \$58,700 for Respondent's violation of 49 C.F.R. § 192.739(a), for failing to ensure that pressure control valve, PCV-214A, was in good mechanical condition.

In its response, NSB contested the allegation and, therefore, also requested that PHMSA withdraw the associated civil penalty. For the reasons discussed above, Item 14 is upheld. Respondent did not present any additional grounds to mitigate the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$58,700 for violation of 49 C.F.R. § 192.739(a).

In summary, having reviewed the record and considered the assessment criteria for each of the Items cited above, I assess Respondent a total civil penalty of **\$151,900**.

Payment of the civil penalty must be made within 20 days of service. Federal regulations (49 C.F.R. § 89.21(b)(3)) require such payment to be made by wire transfer through the Federal Reserve Communications System (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMK-325), Federal Aviation Administration, Mike Monroney Aeronautical Center, 6500 S MacArthur Blvd, Oklahoma City, Oklahoma 79169. The Financial Operations Division telephone number is (405) 954-8845.

Failure to pay the \$151,900 civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 C.F.R. § 901.9 and 49 C.F.R. § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in a district court of the United States.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 1, 2, 3, 4, 5, 7, 8, 9, 12, 14, and 15 in the Notice for violations of 49 C.F.R. §§ 192.203(b)(9), 192.465(d), 192.467(a), 192.467(d), 192.479(a), 192.481(a), 192.481(b), 192.614(c)(1), 192.707(c), 192.739(a), and 192.743(a) respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601.

With regard to the violation of § 192.465(d) (Item 2), Respondent requested the compliance terms be modified. Due to the seasonal nature of non-frozen soils needed to complete the actions specified in the proposed compliance order, NSB requested more time to complete the proposed actions. The Director, Western Region, found this request reasonable and appropriate and recommended additional time be provided in the Compliance Order. I agree. Item 2 of the Compliance Order is modified as set forth below.

Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

A. With respect to the violation of § 192.203(b)(9) (**Item 1**), Respondent must:

1. Within **90** days of receipt of the Final Order, provide to the Director of the Western Region a written work plan to secure the stainless-steel sensing line. The work plan must include design drawings showing a configuration that ensures that the sensing line is protected from damage, and that the pipeline's MAOP cannot be exceeded as a result of the failure of the sensing line.
2. Upon receiving a notice of non-objection from the Director of the Western Region,

North Slope Borough Energy Management must implement that work plan within **90** days of the non-objection.

3. Within **30** days of completing the activities described in A.2, provide to the Director of the Western Region as-built drawings and photographs demonstrating that activities were completed consistent with the work plan.

B. With respect to the violation of § 192.465(d) (**Item 2**), Respondent must:

1. Within **365** days of receipt of the Final Order, provide to the Director of the Western Region a written assessment of the viability of meeting cathodic protection criteria on the pipeline. The assessment must show the horizontal and vertical alignment of the pipeline; locations of current and historic inadequate cathodic protection levels along the alignment; and the horizontal and vertical locations of known permafrost (for example from boreholes, thermistor data, original construction data) and relevant surface features (for example ponding, thaw bulbs, river channels).

2. If the assessment described in B.1 shows areas of inadequate cathodic protection levels where the pipeline is buried, coinciding with locations that cannot be demonstrated to be permafrost, the assessment in B.1 must also include a written work plan to address the areas of inadequate cathodic protection and/or the data gaps.

3. Upon receiving a notice of non-objection from the Director of the Western Region, North Slope Borough Energy Management must implement the work plan described in B.2 within **180** days of the non-objection, and must provide to the Director of the Western Region the records associated with that work within **270** days of completion of the work, but before **816** days after receipt of the Final Order.

C. With respect to the violations of §§ 192.467(a) and 192.467(d) (**Items 3 and 4**), Respondent must within **180** days of receipt of the Final Order, install electrical insulating device(s) at the upstream end of the buried segment; conduct testing at both the upstream and downstream end of the buried segment to show that the pipeline is electrically isolated from other buried structures that are not intended to be cathodically protected as a single unit (including, at a minimum, the PRV station at the downstream end of the buried segment and the nearest vertical support member at the upstream end of the buried segment); and, within **30** days of completing these activities, provide records demonstrating the electrical isolation of the pipeline to the Director of the Western Region.

D. With respect to the violation of § 192.479(a) (**Item 5**), Respondent must:

1. Within **90** days of receiving the Final Order, submit to the Director of the Western Region a written assessment and maintenance plan for maintaining the atmospheric corrosion control coatings on its pipelines in accordance with the regulations. The plan must be incorporated into North Slope Borough Energy Management's written corrosion control procedures. The plan must include, at a minimum, how NSB will determine and document whether a corroded segment meets the criteria for exemption

from atmospheric corrosion control per § 192.479(c), and the plan must include specific time frames for repairing any coating damage not meeting the criteria for exemption.

2. NSB must provide to the Director of the Western Region a listing of all locations on the pipelines that are uncoated or the coating is damaged, the results of any corrosion assessment performed at those locations, and a written repair plan for those locations. NSB must submit the plan within **90** days of receiving the Final Order, and must implement the repair plan as required by the regulations.

E. With respect to the violation of § 192.481(a) (**Item 7**), Respondent must:

1. Within **90** days of receipt of the Final Order, complete an atmospheric corrosion inspection of Valve Station 2, which must include all valves, the “S Curve” separator, the associated drain lines, and any other components through which natural gas may flow.
2. Within **90** days of completing the inspection described in E.1, protect areas where atmospheric corrosion is found as required by § 192.481(c).
3. Within **30** days of completing the activities described in E.1 and E.2, provide records of the inspection and coating repairs or replacement to the Director of the Western Region.

F. With respect to the violation of § 192.481(b) (**Item 8**), Respondent must assess the condition of the insulation and outer coating within **180** days of receipt of the Final Order. If damage to the outer coating is found during the assessment, North Slope Borough Energy Management must, as soon as practicable but no later than **30** days following the assessment, assess the condition of the inner pipe and inner pipe’s coating; assess the presence or extent of wet insulation; and repair or replace any wet insulation and damaged inner or outer coating.

G. With respect to the violation of § 192.614(c)(1) (**Item 9**), Respondent must, within **90** days of receipt of the Final Order, amend its mailing list for damage prevention notifications to include excavators who normally engage in excavation activities in the area in which the Barrow and Nuiqsut natural gas pipelines are located. North Slope Borough Energy Management must consider, at a minimum, excavators who frequently use the one-call system but are not located in Barrow or Nuiqsut and therefore are not currently part of their mailing list.

H. With respect to the violation of § 192.707(c) (**Item 12**), Respondent must install line markers on the Barrow natural gas pipeline at all areas where the pipeline is above-ground and accessible to the public (including, at a minimum, the above-ground pipeline segment at the causeway crossing) within **180** days of receipt of the Final Order. NSB must provide notice to the Director of the Western Region with **30** days of completing the installation.

I. With respect to the violation of § 192.739(a) (**Item 14**), Respondent repair or replace PCV-214A within **180** days of receipt of the Final Order. NSB must provide notice to the Director of

the Western Region within **30** days of completing the repair or replacement.

J. With respect to the violation of § 192.743(a) (**Item 15**), Respondent must:

1. Within **90** days of receipt of the Final Order, provide to the Director of the Western Region calculations of the required capacity for each relief device consistent with § 192.201 and calculations of the relief capacities for each device under conditions which it operates consistent with § 192.743(b).
2. If the activities described in J.1 demonstrate that any relief valves lack adequate capacity, the operator must provide, along with the calculations, a written work plan to address any deficiencies.
3. Upon receiving a notice of non-objection from the Director of the Western Region, implement that work plan within **90** days.
4. Within **30** days of completing the activities described in J.3, provide to the Director of the Western Region as-built drawings and photographs demonstrating that activities were completed consistent with the work plan.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

PHMSA requests that Respondent maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director. It is requested that these costs 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.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$200,000, as adjusted for inflation (49 C.F.R. § 190.223), for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

WARNING ITEMS

With respect to Items 10, 11, and 16, the Notice alleged probable violations of Part 192, but identified them as warning items pursuant to § 190.205. The warnings were for:

49 C.F.R. § 192.616(c) (**Item 10**) — Respondent's alleged failure to annually complete an audit or review of the Public Awareness Program's implementation;

49 C.F.R. § 192.616(d)(3) (**Item 11**) — Respondent's alleged failure to identify NSB's Nuiqsut natural gas pipeline as un-odorized in its Public Awareness flyer; and

49 C.F.R. § 192.807(b) (**Item 16**) — Respondent's alleged failure to retain Operator Qualification records prior to 2016.

NSB presented information in its Response showing that it had taken certain actions to address the cited items. If OPS finds a violation of any of these items in a subsequent inspection, Respondent may be subject to future enforcement action.

Under 49 C.F.R. § 190.243, Respondent may submit a Petition for Reconsideration of this Final Order to the Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address, no later than 20 days after receipt of service of this Final Order by Respondent. Any petition submitted must contain a statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. The filing of a petition automatically stays the payment of any civil penalty assessed. The other terms of the order, including corrective action, remain in effect unless the Associate Administrator, upon request, grants a stay.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

June 15, 2021

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Date Issued