

WARNING LETTER

VIA E-MAIL TO MR. JOHN SIMS

September 2, 2021

Mr. John Sims
President
Norstar Pipeline Company, Inc.
3000 Spenard Road
Anchorage, AK 99503

CPF 5-2021-045-WL

Dear Mr. Sims:

From April 5 through 8, 2021, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Norstar Pipeline Company's ("Norstar") Agrium and Anchorage Landfill pipelines.

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

1. § 192.475 - Internal corrosion control: General.

(a)

(b) Whenever any pipe is removed from a pipeline for any reason, the internal surface must be inspected for evidence of corrosion...

The operator failed to conduct or failed to document the inspection of the internal surfaces of the pipeline for corrosion during the 2012 replacement of a section of the "N2" pipeline segment of the Agrium pipeline. In 2012, the operator replaced a section of the "N2" pipeline segment of the Agrium pipeline, and during that project the operator exposed the inner surfaces of the existing pipeline segments. However, during the inspection the operator was unable to locate a record of any such inspection. Records of internal corrosion inspections must be retained for the life of the pipeline.

2. **§ 192.625 - Odorization of gas.**

(a)

(b) After December 31, 1976, a combustible gas in a transmission line in a Class 3 or Class 4 location must comply with the requirements of paragraph (a) of this section unless:

The operator failed to assure that gas transported by the Agrium pipeline is odorized at a concentration in air of one-fifth of the lower explosive limit, the gas is readily detectable by a person with a normal sense of smell (§192.625(a)). The operator provided records showing it transported gas in the Agrium pipeline from a mixture of odorized and-non-odorized sources. Specifically, the Agrium pipeline transported gas from the Alaska Pipeline Company's Beaver Creek pipeline (which is odorized and monitored through Enstar's distribution system), the Hilcorp's Swanson River gas pipeline (which is non-odorized), and occasionally the Harvest Alaska's Kenai-Nikiski Pipeline (also non-odorized). The Agrium pipeline is a transmission line in class 3 locations per Norstar's annual report and does not meet any of the possible criteria for the exemption from the requirement to odorize under §192.625(b)(1) - (4).

3. **§ 192.935 - What additional preventive and mitigative measures must an operator take?**

(a)

(c) *Automatic shut-off valves (ASV) or Remote control valves (RCV).* If an operator determines, based on a risk analysis, that an ASV or RCV would be an efficient means of adding protection to a high consequence area in the event of a gas release, an operator must install the ASV or RCV. In making that determination, an operator must, at least, consider the following factors—swiftness of leak detection and pipe shutdown capabilities, the type of gas being transported, operating pressure, the rate of potential release, pipeline profile, the potential for ignition, and location of nearest response personnel.

The operator failed to document preparation of a risk analysis of the Agrium pipeline to determine whether an automatic shutoff valve or remote control valve would be an efficient means to protect an HCA. The operator stated that it determined whether an ASV or RCV was appropriate based on "discussion with SMEs" but that it had failed to document such determination. The upstream source of gas does not have remote control or automatic shutoff valves.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019 and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022.

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 Norstar Pipeline Company, Inc. 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 5-2021-045-WL**. 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,

Dustin Hubbard
Director, Western Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 J. Gano (#21-199302)
Rusty Allen, Norstar Alaska (via email)