

WARNING LETTER

VIA E-MAIL TO MR. JOHN SIMS

December 13, 2022

Mr. John Sims
President
Alaska Pipeline Company
3000 Spenard Road
Box 190288
Anchorage, AK 99519

CPF 5-2022-056-WL

Dear Mr. Sims:

From June 21 through September 1, 2022, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected your Anchorage and Kenai natural gas transmission pipeline systems in Anchorage and the Kenai Peninsula Borough, 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. § 192.161 Supports and anchors.

(a)

(c) Each support or anchor on an exposed pipeline must be made of durable, noncombustible material and must be designed and installed as follows:

. . . .

Alaska Pipeline Co. (APC) failed to use durable, noncombustible materials for pipeline supports. PHMSA observed wood shims, cribbing, and braces used as pipe supports at the City Gate pipeline pig trap, Gudenwrath Compressor Station pig trap, and Wolf Lake tie-in building during the July and August 2022 inspections.

2. § 192.319 Installation of pipe in a ditch.

(a)

(b) When a ditch for a transmission line or main is backfilled, it must be backfilled in a manner that:

(1) Provides firm support under the pipe; and

. . . .

APC failed to backfill their excavation at the “Welaka Lake” station in a manner that provided adequate support for the pipe. The Welaka Lake Station is where Alaska Pipeline Co.’s Beaver Creek transmission pipeline connects to Enstar’s distribution mains. During the August 31, 2022 inspection, PHMSA observed and photographed evidence of a recent excavation and soil subsidence that was putting excess strain on the pipelines. According to statements made by the operator, APC excavated the site in the weeks prior to the inspection to survey the buried pipeline for the design of an upcoming replacement project. Based on conditions observed during the inspection, it is evident that the materials and practices used to backfill the excavation were inadequate to provide firm support under the pipe.

3. § 192.735 Compressor stations: Storage of combustible materials.

(a)

(b) Aboveground oil or gasoline storage tanks must be protected in accordance with NFPA-30 (incorporated by reference, see § 192.7).

APC failed to protect their two condensate oil storage tanks at the Gudenwrath "B" compressor station from fire hazards consistent with NFPA 30:

- The tanks did not meet the shell-to-shell spacing requirements per Table 22.4.2.1 of NFPA 30. The required minimum shell-to-shell spacing depends on tank design and the product stored within the tank but, the minimum spacing for any circumstances is 3 feet. Photos taken during the August 29, 2022, site visit show the tanks are approximately six inches apart.
- Tanks’ vent pipes are not properly installed per NFPA 30 section 27.8.1. Photos taken during the August 29, 2022, site visit show that the vents are installed under a roof which can trap flammable vapors and impinge flames.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,142 for a related series of violations. For violation occurring on or after May 3, 2021, and before March 21, 2022, the maximum penalty may not 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 Alaska Pipeline Co. 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 5-2022-056-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,

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

cc: PHP-60 Compliance Registry
PHP-500 J. Gano (#22-236683)
Steve Cooper, APC (by email)
Rusty Allen, APC (by email)