



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

VIA ELECTRONIC MAIL TO MR. TRENT CARBAUGH

March 1, 2023

Mr. Trent Carbaugh
General Manager
Menzi's Aviation
6000 Dehavilland Drive
P.O. Box 190246
Anchorage, AK 99502

CPF 5-2023-012-NOPV

Dear Mr. Carbaugh:

From September 12 through September 15, and on September 26, 2022, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Menzi's Aviation (Menzi's or Operator) Jet Fuel Crosstown Pipeline 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. § 195.402 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

Menzies failed to follow its procedural manual for operations, maintenance, and emergencies (O&M). Specifically, Table 1-1 of the O&M manual, Exhibit E-1 from the NOPV's violation report, states, in relevant part as follows: "Action: Establish/ Maintain liaison with Emergency Responders and Public Officials" at intervals of "[f]requency 1/year, NTE [not to exceed] 15 months". During the PHMSA inspection, Menzies failed to provide documentation that it maintained liaison with emergency responders and public officials for years 2019, 2020, 2021, or 2022.

2. § 195.404 Maps and records.

(a) Each operator shall maintain current maps and records of its pipeline systems that include at least the following information:

(1) Location and identification of the following pipeline facilities:

(i)

(vii) Safety devices to which § 195.428 applies.

Menzies failed to maintain current maps and records for its pipeline system. Specifically, the location and identification of Pressure Safety Valves (PSV) shown on the operator's maps and records did not comply with the regulatory requirements. During the PHMSA inspection, the Operator provided a facility Piping & Instrumentation Diagram (P&ID) to the inspectors. The P&ID illustrated the transportation portion of the Crosstown Jet Fuel Pipeline from the Port of Alaska to the Anchorage airport. Nine total PSV symbols were located on the P&ID. None of the nine PSVs of the P&ID had serial numbers, asset identification numbers, facility-specific PSV numbers, or any other form of identification.

3. § 195.410 Line markers.

(a) Except as provided in paragraph (b) of this section, each operator shall place and maintain line markers over each buried pipeline in accordance with the following:

(1)

(2) The marker must state at least the following on a background of sharply contrasting color:

(i)

(ii) The name of the operator and a telephone number (including area code) where the operator can be reached at all times.

Menzies failed to maintain line markers over the buried pipeline. Specifically, Menzies failed to ensure right-of-way (ROW) markers contained the correct operator's name and/or telephone contact number. Photos taken during the inspection show numerous ROW markers that had either no operator name or stated ASIG as the operator, which was incorrect because the current operator of the pipeline is Menzies. In addition, numerous ROW markers listed the operator's telephone number as 907-278-3121, which is incorrect because the current telephone number for Menzies is 907-248-3065.

4. § 195.420 Valve maintenance.

(a)

(b) Each operator must, at least twice each calendar year, but at intervals not exceeding 7 ½ months, inspect each valve to determine that it is functioning properly. Each rupture-mitigation valve (RMV), as defined in § 195.2, or alternative equivalent technology that is installed under § 195.258(c) or § 195.418, must also be partially operated. Operators are not required to close the valve fully during the drill; a minimum 25 percent valve closure is sufficient to demonstrate compliance, unless the operator has operational information that requires an additional closure percentage for maintaining reliability.

Menzies failed to inspect each valve, at least twice each calendar year, but at intervals not exceeding 7 ½ months, to determine that they functioned properly. Specifically, Menzies did not verify the PS-1 and PS-2 valves functioned properly at least twice within the 2021 calendar year.

During the PHMSA inspection, Menzies failed to produce records demonstrating PS-1 and PS-2 were operated twice within the 2021 calendar year. PS-1 and PS-2 are both mainline ball valves adjacent to Pump #1 and Pump #2, respectively. Menzies Jet Fuel Pipeline Isolation Valve Inspection, Semi-Annual Inspection, was completed on February 5, 2021. Records obtained from the Operator showed the valve numbers of PS-1 and PS-2 were inspected on February 16, 2021; however, the column labeled "Valve Lubed and Operated / Check Flange bolts for proper torque" had "N/A" written in, indicating lubrication and operation was not applicable. Menzies performed another Jet Fuel Pipeline Isolation Valve Inspection, Semi-Annual Inspection, that was completed on August 5, 2021. This record showed the valve numbers of PS-1 and, PS-2 were inspected on August 5, 2021; however, the column labeled "Valve Lubed and Operated / Check Flange bolts for proper torque" had "N/A" written in, indicating the lubrication and operation was not applicable.

During the inspection, Menzie's produced a point-to-point verification form, completed on July 7, 2021, which demonstrated valves PS-1 and PS-2 were operated satisfactorily at least once for the year 2021.

5. § 195.428 Overpressure safety devices and overfill protection systems.

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7 ½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

Menzies failed to test each pressure relief valve to determine that it was functioning properly for the years 2020 and 2021.

In 2020, Menzies failed to inspect each pressure relief valve to determine that it was functioning properly for the year 2020. During the PHMSA inspection, Menzies provided a pressure safety valve testing record titled, 2020 Menzies Annual inspection. This record failed to demonstrate that each valve was inspected because all the valve summary sheets, except one, stated that the scope was "TEST ONLY". Menzies failed to provide any other documentation to demonstrate that the condition of each of the listed PSVs had been inspected.

Menzies 2021 records evidence a similar issue of noncompliance as the 2020 record identified above. During the PHMSA inspection, Menzies provided a pressure safety valve testing record titled, 2021 Menzies Annual PRV Inspection & Testing record. This record failed to specify if the column labeled "Pressure Setting" was the as-purchased/designed pressure setting for each valve, or the actual tested/calibrated unseat final pressure setting. Furthermore, the record did not explicitly state that testing was accomplished, that each valve was set to a specific pressure value, or that each valve was operating within its designed pressure limitations.

In addition, Menzies failed to provide records demonstrating that the PSV valve, Ser. No 571993-2, PSV Tag No. 1004, overpressure safety device was tested for the year 2021. During the PHMSA inspection, the Operator provided a 2021 valve test record. This record failed to demonstrate PSV valve, Ser. No 571993-2, PSV Tag No. 1004 was tested for the year 2021. The operator failed to provide any other evidence of PSV valve, Ser. No 571993-2, PSV Tag No. 1004, was tested for year 2021.

6. § 195.446 Control room management.

(a)

(c) *Provide adequate information.* Each operator must provide its controllers with the information, tools, processes and procedures necessary for the controllers to carry out the roles and responsibilities the operator has defined by performing each of the following:

(1)

(3) Test and verify an internal communication plan to provide adequate means for manual operation of the pipeline safely, at least once each calendar year, but at intervals not to exceed 15 months.

Menzies failed to test and verify an internal communication plan to demonstrate adequate means for manual operation of the pipeline. Specifically, Menzies did not conduct testing or verification of their internal communication plan for the year 2021. During the PHMSA inspection, Menzies failed to produce any evidence to demonstrate that the internal communication plan was tested and verified for the year 2021.

7. § 195.452 Pipeline integrity management in high consequence areas.

(a)

(f) *What are the elements of an integrity management program?* An integrity management program begins with the initial framework. An operator must continually change the program to reflect operating experience, conclusions drawn from results of the integrity assessments, and other maintenance and surveillance data, and evaluation of consequences of a failure on the high consequence area. An operator must include, at minimum, each of the following elements in its written integrity management program:

(1)

(7) Methods to measure the program's effectiveness (see paragraph (k) of this section);

Menzies failed to demonstrate methods to measure the integrity management program's effectiveness. Specifically, Menzies could not produce evidence illustrating that performance metrics were documented and/or utilized to provide insight into the integrity management program's performance or effectiveness. This pipeline is located within a highly populated area and runs parallel to the commercially navigable waterways of the Cook Inlet. During the PHMSA inspection, the Operator failed to produce records to suggest the integrity management plan's effectiveness was measured.

Proposed Compliance Order

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$257,664 per violation per day the violation persists, up to a maximum of \$2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022 and before

January 6, 2023, the maximum penalty may not exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,412 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 propose a civil penalty assessment at this time.

With respect to items 1 through 7 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Menzies Aviation. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement Proceedings*. Please refer to this document and note the response options. 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).

Following the receipt of this Notice, you have 30 days to respond as described in the enclosed *Response Options*. If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. The Region Director may extend the period for responding upon a written request timely submitted demonstrating good cause for an extension.

In your correspondence on this matter, please refer to **CPF 5-2023-012-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

cc: PHP-60 Compliance Registry
PHP-500 M. Yeager (#22-251101)
Marc McCafferty, Menzies Aviation (via email)

PROPOSED COMPLIANCE ORDER

Pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Menzies Aviation a Compliance Order incorporating the following remedial requirements to ensure the compliance of Menzies Aviation with the pipeline safety regulations:

- A. In regard to **Item 1** of the Notice pertaining to liaison with fire, police, and other public entities, Menzies Aviation must establish and maintain liaison with fire, police, and other public entities within **270** days of receipt of the Final Order and submit documentation that this action was completed to the Western Regional Director.
- B. In regard to **Item 2** of the Notice pertaining to pressure safety valve identification on P&IDs, Menzies Aviation must update the P&IDs to contain the proper location and identification nomenclature of each jurisdictional pressure safety valve pertaining to the Jet Fuel Crosstown pipeline within **270** days of receipt of the Final Order and submit documentation that this action was completed to the Western Regional Director.
- C. In regard to **Item 3** of the Notice pertaining to ROW markers, Menzies Aviation must survey and correct all affected ROW markers to accurately reflect the operator and emergency contact number within **180** days of receipt of the Final Order and submit documentation that this action was completed to the Western Regional Director.
- D. In regard to **Item 4** of the Notice pertaining to biannual valve inspection, Menzies Aviation must ensure that each valve is inspected and functioning properly twice each calendar year within **365** days of receipt of the Final Order and submit documentation that this action was completed to the Western Regional Director.
- E. In regard to **Item 5** of the Notice pertaining to inspection and testing of pressure safety valves, Menzies Aviation must update their valve inspection and maintenance forms to ensure they require the operator to document which valves are inspected and document unseat final pressure setting upon completion of testing and calibration within **270** days upon receipt of the Final Order. Submit documentation that this action was completed to the Western Regional Director.
- F. In regard to **Item 6** of the Notice pertaining to the internal communication plan, Menzies Aviation must enact and test the internal communication plan within **180** days of receipt of the Final Order and submit documentation that this action was completed to the Western Regional Director.
- G. In regard to **item 7** of the Notice pertaining to measuring the integrity management plan's effectiveness, Menzies Aviation must document the method and the metrics by which the integrity management program's effectiveness is measured within **365** days of receipt of the Final Order and submit documentation that this action was completed to the Western Regional Director.
- H. It is requested (not mandated) that Menzies Aviation maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and

submit the total to Dustin Hubbard, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. 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.