

WARNING LETTER

VIA ELECTRONIC MAIL TO: John.kurz@alveska-pipeline.com

March 13, 2024

Mr. John Kurz
President and CEO
Alyeska Pipeline Service Company
POB 196660 MS 502
Anchorage, AK, 99519

CPF 5-2024-017-WL

Dear Mr. Kurz:

From June 7 to December 15, 2023, 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 Trans-Alaska Pipeline System Pump Station 5, Tank 150 inspection and repair documentation 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. § 195.205 Repair, alteration and reconstruction of aboveground breakout tanks that have been in service.**
 - (a)...**
 - (b) After October 2, 2000, compliance with paragraph (a) of this section requires the following:**
 - (1) For tanks designed for approximate atmospheric pressure, constructed of carbon and low alloy steel, welded or riveted, and non-refrigerated; and for tanks**

built to API Std 650 (incorporated by reference, see §195.3) or its predecessor Standard 12C; repair, alteration; and reconstruction must be in accordance with API Std 653 (except section 6.4.3) (incorporated by reference, see §195.3).

Alyeska failed to repair Tank 150 in accordance with the requirements of API 653 section 9.10.1.2, as required. During welding of multiple patch plates to the floor of Tank 150, the contractor failed to follow the root weld examination requirements of API Std 653 section 9.10.1.2(c).

API Std 653 section 9.10.1.2(c) requires that “Perimeter welds on welded-on patch plates within the critical zone shall be two-pass, minimum, and examined per 12.1.1.3 and 12.1.7.2.” API Std 653 section 12.1.7.2 requires that “In addition to the requirements of 12.1.7.1, the root and final pass of a welded-on patch plate weld in the critical zone...shall be visually examined and examined by either magnetic particle or liquid penetrant method over its full length.” However, the following patch plates did not have the required root weld examination completed: R06, R07, R10, R11, R12 and R13.

The patch plates were installed in Tank 150 in the July-August 2023 timeframe. A review of Alyeska’s records included a letter from Aiken Engineering Company¹ to TEAM Industrial Services dated August 25, 2023 stating:

“During the repair of Alyeska Pipeline Tank 35-TK-150, the magnetic particle (MT) inspection of the root weld in the critical zone was not performed while placing several of the annular patch plates. Thus, the patch plates were placed and welded without root pass MT.”

Therefore, Alyeska failed to repair Tank 150 in accordance with § 195.205(b)(1) as required.

2. § 195.205 Repair, alteration and reconstruction of aboveground breakout tanks that have been in service.

(a)...

(b) After October 2, 2000, compliance with paragraph (a) of this section requires the following:

(1) For tanks designed for approximate atmospheric pressure, constructed of carbon and low alloy steel, welded or riveted, and non- refrigerated; and for tanks built to API Std 650 (incorporated by reference, see §195.3) or its predecessor Standard 12C; repair, alteration; and reconstruction must be in accordance with API Std 653 (except section 6.4.3) (incorporated by reference, see §195.3)

Alyeska failed to repair Tank 150 in accordance to the requirements of API Std 653 as required. The contractor failed to perform magnetic particle or liquid penetrant non-destructive examination of the shell-to-bottom joints prior to installing patch plates, as required by API Std 653 section 12.1.6.3.

¹ See Submittal F12153-23002 WO 211002340 35-TK-150

API Std 653 section 12.1.6.3 requires that “The existing weld at the shell-to-bottom joint shall be examined by visual as well as by magnetic particle or liquid penetrant methods, for full length under a weld-on patch plate. An additional 6 in. of the shell-to-bottom joint on each side of the welded-on patch shall be examined similarly before placement of the repair plate to assure weld integrity and confirm the absence of weld cracks.”

The patch plates were installed in Tank 150 in the July-August 2023 timeframe. A review of Alyeska’s records included a letter from Aiken Engineering Company² to TEAM Industrial Services, dated August 25, 2023 stating:

“Also, the MT examination of the shell-to-bottom joint for the full length of the patch plate plus 6 inches to either side was not completed prior to placing the patch plate. There are 15 patch plates in this condition. They are identified as R06, R07, R10, R11, R12, R13, R22, R27, R39, R40, R41, R42, R43, R44, and R48. After the repair was completed, all the remainder of the shell-to-bottom joint was MT examined which exceeds the API specification.”

Therefore, Alyeska failed to repair Tank 150 as required pursuant to § 195.205(b)(1).

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$266,015 per violation per day the violation persists, up to a maximum of \$2,660,135 for a related series of violations. For violation occurring on or after January 6, 2023 and before December 28, 2023, the maximum penalty may not 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 \$2,391,142 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.

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 Alyeska Pipeline Service Company being subject to additional enforcement action.

² See Submittal F12153-23002 WO 211002340 35-TK-150

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2024-017-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 C. Lyon (#23-277227)
Allison Iversen, Director HSEC, Allison.Iversen@alyeska-pipeline.com