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: erec.s.isaacson@conocophillips.com

December 18, 2024

Mr. Erec Isaacson
President
ConocoPhillips Alaska
700 G St.
Anchorage, AK 99510

CPF 5-2024-041-NOPV

Dear Mr. Isaacson:

From April 29 to May 3 and May 28 to May 31, 2024, 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 your ConocoPhillips Alaska (Operator) Alpine Oil Pipeline (APL) and Alpine Arctic Heating Fuel Pipeline (AHF) facilities in Prudhoe Bay, Alaska, respectively.

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. **§ 195.452 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) ….
(3) An analysis that integrates all available information about the integrity of the entire pipeline and the consequences of a failure (see paragraph (g) of this section):

The Operator failed to consider information critical to determining the potential for, and preventing, damage due to vehicle strikes in their information analysis, as required. Specifically, the Operator failed to include vehicle strikes as a potential risk factor to consider in the information analysis which is a part of its written integrity management program risk assessment.

During the PHMSA inspection, the Operator provided an Annual Risk Assessment Screening for the APL and AHF dated March 28, 2024. Damage from vehicle strikes was not identified in the Other Outside Force Damage category for either pipeline. However, PHMSA noted that per accident reports dated April 22, 2024, and April 28, 2024, two vehicle strikes occurred the AHF on March 22, 2024, and March 27, 2024. § 195.452(g)(2) requires operators to, "consider information critical to determining the potential for, and preventing damage due to excavation, including current and planned damage prevention activities, and development or planned development along the pipeline." As such, damage from vehicle strikes is a potential risk factor that should have been included for in the information analysis for both pipelines.

Therefore, the Operator failed to include an analysis that integrates all available information about the integrity of the entire pipeline and the consequences of a failure, as required.

2. **§ 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) …
(2) Conduct a point-to-point verification between SCADA displays and related field equipment when field equipment is added or moved and when other changes that affect pipeline safety are made to field equipment or SCADA displays:

The Operator failed to adequately document a point-to-point verification between SCADA displays and related field equipment at the time the equipment was installed, as required.

Specifically, the Operator conducted a Functional Check-Out (FCO) point-to-point verification for the Mustang pipeline isolation valve (MU-X2I-2220) but did not properly document it at the time the activity occurred in 2019. The MU-X2I-2220 valve's function was to isolate the Mustang pipeline from the APL. The Mustang pipeline started up on October 16, 2019. During inspection, PHMSA reviewed the 2019 APL Point-to-Point documentation which was completed on December 29, 2019, but that record stated the activity (the FCO of the Mustang pipeline isolation valve) was completed prior to the Mustang pipeline's startup. The record should have been created at the time the activity occurred.

Therefore, the Operator failed to timely document a point-to-point verification between SCADA and the related field equipment, as required.

3. § 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 mainline valve to determine that it is functioning properly. Each rupture-mitigation valve (RMV), as defined in § 195.2 and not contained in a gathering line, 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 inspection; 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.**

The Operator failed to partially operate each mainline valve a minimum 25 percent valve closure during semi-annual valve maintenance, as required.

Specifically, a record documenting valve maintenance for mainline block valves on the APL facility indicated some valves were not partially operated to a minimum of 25 percent valve closure. PHMSA reviewed the maintenance record for valves ROV-AL9562 and ROV-AL9264 and observed that the document had a checked box next to an entry that said "Inspected", but the box next to an entry that said "Stroked __%" was left unchecked and "10" was handwritten in the blank space of the entry. This record did not clearly indicate whether the valves were stroked but indicated that if they were stroked, it would have only been to 10 percent. The maintenance form indicated with checkmarks that valves ROV-AL9287B and ROV-AL9561 were inspected, but not that they were stroked. In comparison, PHMSA observed that the entry on the maintenance form for valve ROV-AL9287A indicated with checkmarks that the valve was both inspected and stroked, with "100" written into the blank space of the form for percentage the valve was operated. Thus, the Operator failed to demonstrate that the mainline valves ROV-AL9562, ROV-AL9264, ROV-AL9287B, and ROV-AL9561 were stroked to the required minimum 25 percent.

Additionally, the work order preceding the inspection form in the maintenance record stated in the maintenance activity procedure, Section 4.3, that "If valve cannot be fully stroked because of process condition, then functionally check each mainline valve by stroking approximately 20% to ensure operability." This demonstrates that the operator's valve maintenance procedure does not require mainline valves to be stroked to the required minimum of 25 percent.

Therefore, the Operator has failed to partially operate each valve at a minimum 25 percent valve closure during its semi-annual valve maintenance, as required.

Proposed Civil Penalty
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 $2,391,412 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.

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.

Proposed Compliance Order
With respect to Items 1 and 3 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to ConocoPhillips Alaska. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Item
With respect to Item 2 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 promptly correct this Item. Failure to do so may result in additional enforcement action.

<u>Response to this Notice</u>
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. All material you submit in response to this enforcement action may be 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 your 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 5-2024-041-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

DUSTIN B HUBBARD Digitally signed by DUSTIN B HUBBARD
Date: 2024.12.18 08:12:21 -07'00'

Dustin Hubbard
Director, Western Region, Office of Pipeline Safety
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 C. Dolchok #(24-295915)
Richard Vicente, DOT Program Coordinator, Richard.Vicente@conocophillips.com

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to ConocoPhillips Alaska a Compliance Order incorporating the following remedial requirements to ensure the compliance of ConocoPhillips Alaska with the pipeline safety regulations:

A. In regard to 1 of the Notice pertaining to inadequate assessment of risks to the APL and AHF pipelines, ConocoPhillips Alaska must resubmit an Annual Risk Assessment Screening for the APL and AHF that considers and incorporates the risk to the pipelines from vehicle strikes in their Integrity Management program within **180** days of receipt of the Final Order.

B. In regard to 3 of the Notice pertaining to inadequate inspection and maintenance of the mainline valves, ConocoPhillips Alaska must inspect and partially operate valves ROV-AL9562, ROV-AL9264, ROV-AL9287B, and ROV-AL9561 to the required minimum of 25-percent. Also, ConocoPhillips Alaska must revise their PM (Preventative Maintenance) form Section 4.3 to include the minimum 25-percent valve stroke requirement. The results of the completed inspections and revised documentation must be submitted to the Western Region Director within **180** days of receipt of the Final Order.

C. It is requested (not mandated) that ConocoPhillips Alaska 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.