



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

**1200 New Jersey Avenue, S.E.
Washington, D.C. 20590**

May 22, 2026

VIA ELECTRONIC MAIL TO: john.kurz@alyeska-pipeline.com

Mr. John Kurz
President
PO Box 196660 MS 502
Anchorage, Alaska 99519

CPF No. 5-2025-023-NOPV

Dear Mr. Kurz:

Enclosed please find a Consent Order incorporating the terms of the Consent Agreement between the Pipeline and Hazardous Materials Safety Administration (PHMSA) and Alyeska Pipeline Service Company, which was executed on May 13, 2026. Service of the Consent Order and Consent Agreement by electronic mail is deemed effective upon the date of transmission and acknowledgement of receipt, or as otherwise provided under 49 CFR § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

**LINDA GAIL
DAUGHERTY**

Digitally signed by LINDA
GAIL DAUGHERTY
Date: 2026.05.21
15:05:03 -04'00'

Linda Daugherty
Acting Associate Administrator
for Pipeline Safety

Enclosure: Consent Order and Consent Agreement

cc: Dustin Hubbard, Director, Office of Pipeline Safety, PHMSA
James Curry, Esq., Babst Calland
jcurry@babstcalland.com
Steve Marlin, Esq., Alyeska Pipeline Service Company
steven.marlin@alyeska-pipeline.com

CONFIRMATION OF RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

In the Matter of	)	
	)	
Alyeska Pipeline Service Company,	)	CPF No. 5-2025-023-NOPV
	)	
Respondent.	)	
	)	

CONSENT ORDER

By letter dated October 2, 2025, the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), issued a Notice of Probable Violation, Proposed Civil Penalty and Proposed Compliance Order (Notice) to Alyeska Pipeline Service Company (Alyeska or Respondent).

In response to the Notice, Respondent requested a hearing on the underlying violations, the proposed civil penalty, and the proposed compliance order (Response). Alyeska also asked for the opportunity to meet informally with PHMSA to discuss the Items in the Notice. Respondent and PHMSA (The Parties) subsequently met to discuss the issues raised in the Response. As a result of those discussions, as explained in more detail below, the Parties have agreed to a Consent Agreement by which PHMSA makes findings of violation, assesses a reduced civil penalty of **\$208,500**, and Alyeska agrees to complete certain compliance actions.

Accordingly, the Consent Agreement is hereby approved and incorporated by reference into this Consent Order. Alyeska is hereby ordered to comply with the terms of the Consent Agreement pursuant to its terms. Pursuant to 49 U.S.C. § 60101, *et seq.*, failure to comply with this Consent Order may result in the assessment of civil penalties as set forth in 49 U.S.C. § 60122 and 49 CFR § 190.223, or in referral to the Attorney General for appropriate relief in a district court of the United States.

The terms and conditions of this Consent Order are effective upon service in accordance with 49 CFR § 190.5.

LINDA GAIL DAUGHERTY
Digitally signed by LINDA GAIL DAUGHERTY
Date: 2026.05.21 15:05:39 -04'00'

Linda Daugherty
Acting Associate Administrator
for Pipeline Safety

May 22, 2026

Date Issued

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

In the Matter of

Alyeska Pipeline Service Company,

Respondent.

CPF No. 5-2025-023-NOPV

CONSENT AGREEMENT

From December 5, 2024 through February 14, 2025, 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.), investigated a Safety Related Condition within the Milepost 238 Heater System discovered by Alyeska Pipeline Service Company (Alyeska or Respondent) on November 26, 2024 in Coldfoot, Alaska.

As a result of the inspection, the Director, Western Region, OPS (Director), issued to Respondent, by letter dated October 2, 2025, a Notice of Probable Violation and Proposed Compliance Order and Proposed Civil Penalty (Notice). In accordance with 49 CFR § 190.207, the Notice proposed finding that Alyeska committed violations of five provisions of 49 CFR § 195 (Items 1 through 5), proposed ordering Respondent to take certain measures to correct the alleged violations and a civil penalty of \$243,800.

Alyeska responded to the Notice by letter dated December 16, 2025 (Response). The company contested the underlying violation for Item 3, the proposed civil penalty, and the proposed compliance order.

PHMSA and Respondent (the Parties) subsequently met to discuss the issues raised in the Response. As a result of those discussions and as explained in more detail below the Parties have agreed to a Consent Agreement by which PHMSA makes findings of violation, assesses a reduced civil penalty of **\$208,500**, and Alyeska agrees to complete certain compliance actions.

Having agreed that settlement of this proceeding will avoid further administrative proceedings or litigation and will serve the public interest by promoting safety and protection of the environment, pursuant to 49 U.S.C. § 60101, *et seq.* and 49 CFR Part 190, and upon consent and agreement, the Parties hereby agree as follows:

I. General Provisions

1. Respondent acknowledges that as the operator of the pipeline facilities subject to the Notice, Respondent and its referenced pipeline facilities are subject to the jurisdiction of the Federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations and administrative orders issued thereunder. For purposes of this Consent Agreement (Agreement), Respondent acknowledges that it received proper notice of PHMSA's action in this proceeding and that the Notice states claims upon which relief may be granted pursuant to 49 U.S.C. § 60101, *et seq.*, and the regulations and orders issued thereunder.

2. After Respondent returns this signed Agreement to PHMSA, the Agency's representative will present it to the Associate Administrator for Pipeline Safety, recommending that the Associate Administrator adopt the terms of this Agreement by issuing an administrative order (Consent Order) incorporating the terms of this Agreement. The terms of this Agreement constitute an offer of settlement until accepted by the Associate Administrator. Once accepted, the Associate Administrator will issue a Consent Order incorporating the terms of this Agreement.

3. Respondent consents to the issuance of the Consent Order, and hereby waives any further procedural requirements with respect to its issuance. Respondent waives all rights to contest the adequacy of notice, or the validity of the Consent Order or this Agreement, including all rights to administrative or judicial hearings or appeals, except for the Dispute Resolution provisions set forth herein. Respondent agrees to withdraw its request for an administrative hearing regarding the Notice.

4. This Agreement shall apply to and be binding upon PHMSA and Respondent, its officers, directors, and employees, and its successors, assigns, or other entities or persons otherwise bound by law. Respondent agrees to provide a copy of this Agreement and any incorporated work plans and schedules to all of Respondent's officers, employees, and agents whose duties might reasonably include compliance with this Agreement.

5. This Agreement constitutes the final, complete and exclusive agreement and understanding between the Parties with respect to the settlement embodied in this Agreement. The Parties acknowledge that there are no representations, agreements or understandings relating to settlement other than those expressly contained in this Agreement, except that the terms of this Agreement may be construed by reference to the Notice.

6. Nothing in this Agreement affects or relieves Respondent of its responsibility to comply with all applicable requirements of the Federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations and orders issued thereunder. Nothing in this Agreement alters PHMSA's right of access, entry, inspection, and information gathering or PHMSA's authority to bring enforcement actions against Respondent pursuant to the Federal pipeline safety laws, the regulations and orders issued thereunder, or any other provision of Federal or State law.

7. For all transfers of ownership or operating responsibility of Respondent's pipeline system referenced herein, Respondent will provide a copy of this Agreement to the prospective

transferee at least 30 days prior to such transfer. Respondent will provide written notice of the transfer to the Director no later than 60 days after the transfer occurs.

8. This Agreement does not waive or modify any Federal, State, or local laws or regulations that are applicable to Respondent's pipeline systems. This Agreement is not a permit, or a modification of any permit, under any Federal, State, or local laws or regulations. Respondent remains responsible for achieving and maintaining compliance with all applicable Federal, State, and local laws, regulations and permits.

9. This Agreement does not create rights in, or grant any cause of action to, any third party not party to this Agreement. The U.S. Department of Transportation is not liable for any injuries or damages to persons or property arising from acts or omissions of Respondent or its officers, employees, or agents carrying out the work required by this Agreement. Respondent agrees to hold harmless the U.S. Department of Transportation, its officers, employees, agents, and representatives from any and all causes of action arising from any acts or omissions of Respondent or its contractors in carrying out any work required by this Agreement.

10. Except as set forth herein, this Agreement does not constitute a finding of violation of any other federal law or regulation and may not be used in any civil proceeding of any kind as evidence or proof of any fact, fault or liability, or as evidence of a violation of any law, rule, regulation, or requirement, except in a proceeding to enforce the provisions of this Agreement or in future PHMSA enforcement actions.

II. Findings of Violation:

11. ***Item 1 - 49 CFR § 195.402(c)(7):*** The Notice alleged Alyeska failed to include in its operations and maintenance manual a written procedure for starting up and shutting down any part of the pipeline system in a manner designed to assure operation within the maximum operating pressure (MOP) limits prescribed by § 195.406. Respondent does not contest the allegation of violation as alleged in the Notice. As such, PHMSA finds a violation of 49 CFR § 195.402(c)(7).

12. ***Item 2 - 49 CFR § 195.404(a)(3):*** The Notice alleged Alyeska failed to maintain records of the MOP of its Milepost 238 Heater System. Alyeska contested this allegation of violation in its Response. After discussion between the Parties, Alyeska acknowledges a finding of violation of 49 CFR § 195.404(a)(3).

13. ***Item 3 - 49 CFR § 195.404(b)(2):*** The Notice alleged Alyeska failed to provide record of responding to, investigating, and correcting the cause of the operation of a safety device, an abnormal operation per requirements of §§ 195.404(b)(2) and 195.402(d). Respondent does not contest the allegation of violation as alleged in the Notice. As such, PHMSA finds a violation of 49 CFR § 195.404(b)(2).

14. ***Item 4 - 49 CFR § 195.406(b):*** The Notice alleged Alyeska failed on two occasions to prevent the pressure in the pipeline during a variation from normal operations from exceeding 110% of MOP, as required by § 195.406(b) and failed to provide adequate pressure

protective equipment at their Milepost 238 Heater System. Respondent does not contest the allegation of violation as alleged in the Notice. As such, PHMSA finds a violation of 49 CFR § 195.406(b).

15. **Item 5 - 49 CFR § 195.428(a):** The Notice alleged failed to test and inspect an overpressure safety device 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 was used, as required by §§ 195.428(a) and 195.401(a). Respondent does not contest the allegation of violation as alleged in the Notice. As such, PHMSA finds a violation of 49 CFR § 195.428(a).

16. Items 1 through 5, will be considered by PHMSA as prior offenses in any future PHMSA enforcement action taken against Respondent for the five (5)-year period following the **Effective Date** of this Agreement.

III. Civil Penalty:

17. **Item 1:** The Notice proposed assessing a civil penalty in the amount of \$50,200 for Item 1. Respondent requested a reduction of the proposed civil penalty and PHMSA agrees to reduce the civil penalty. The reduction is based on reconsideration of nature after consideration of additional information provided by Respondent. Respondent agrees to pay a reduced civil penalty in the amount of **\$46,500** for the violation in Item 1.

18. **Item 2:** The Notice proposed assessing a civil penalty in the amount of \$46,500 for Item 2. Respondent requested a reduction of the proposed civil penalty. After discussion between the parties, Respondent agrees to pay a civil penalty in the amount of **\$46,500** for the violation in Item 2.

19. **Item 3:** The Notice proposed assessing a civil penalty in the amount of \$116,100 for Item 3. Respondent requested a reduction of the proposed civil penalty and PHMSA agrees for settlement purposes to reduce the number of instances from twelve to seven. Respondent agrees to pay a reduced civil penalty in the amount of **\$84,500** for the violation in Item 3.

20. **Item 4:** The Notice proposed assessing a civil penalty in the amount of \$23,600 for Item 4. Respondent requested a reduction of the proposed civil penalty. After discussion between the parties, Respondent agrees to pay a civil penalty in the amount of **\$23,600** for the violation in Item 4.

21. **Item 5:** The Notice proposed assessing a civil penalty in the amount of \$7,400 for Item 5. Respondent agrees to pay a civil penalty in the amount of **\$7,400** for the violation in Item 5.

22. Respondent shall pay an adjusted civil penalty in the amount of **\$208,500**, pursuant to the payment instructions at 49 CFR § 190.227(a), to be paid in full no later than 20 days from the **Effective Date** of this Agreement.

IV. Compliance Order:

23. **Item 1:** The Notice proposed certain compliance order actions to address the non-compliance alleged in the Notice. Respondent contested the Proposed Compliance Order, in its Response. As a result of the discussion between the Parties, PHMSA agrees to modify the proposed corrective measures. As such, Respondent agrees to undertake the following corrective measures:

Alyeska shall either:

- (a) provide Milepost 238 Heater System operators with operating procedures that manage system pressure within MOP required pressure limits. APSC shall provide the procedures to PHMSA prior to the resumed operation of the heater system, or
- (b) provide the Director, Western Region with documentation that the Milepost 238 Heater System has been properly abandoned.

24. **Item 2:** The Notice proposed certain compliance order actions to address the non-compliance alleged in the Notice. Respondent contested the Proposed Compliance Order, in its Response. As a result of the discussion between the Parties, PHMSA agrees to modify the proposed corrective measures. As such, Respondent agrees to undertake the following corrective measures:

Alyeska shall either:

- (a) provide PHMSA with clear record of MOP determination for the Milepost 238 Heater System prior to resumed operation of the heater system. The documents provided shall include pressure testing records sufficient in detail to demonstrate compliance with §§ 195.304 and 195.305 pressure testing requirements, or
- (b) provide the Director, Western Region with documentation that the Milepost 238 Heater System has been properly abandoned.

25. **Item 4:** The Notice proposed certain compliance order actions to address the non-compliance alleged in the Notice. Respondent contested the Proposed Compliance Order, in its Response. As a result of the discussion between the Parties, PHMSA agrees to modify the proposed corrective measures. As such, Respondent agrees to undertake the following corrective measures:

Alyeska shall either:

- (a) provide PHMSA an inspection and repair plan sufficient to ensure the integrity of the Milepost 238 Heater System, and record of implementation of the inspection and repair plan prior to resuming operation of the heater system, and
- (b) evaluate the Milepost 238 Heater System to identify improvements to the system that will sufficiently alert operators and field technicians of potential and occurring overpressure conditions prior to resuming the operation of the heater system. APSC shall minimally consider the utilization of high pressure alarms within the heater system, or
- (c) provide the Director, Western Region with documentation that the Milepost 238 Heater System has been properly abandoned.

26. **Item 5:** The Notice proposed certain compliance order actions to address the non-compliance alleged in the Notice. Respondent contested the Proposed Compliance Order, in its Response. As a result of the discussion between the Parties, PHMSA agrees to modify the proposed corrective measures. As such, Respondent agrees to undertake the following corrective measures:

Alyeska shall either:

(a) evaluate the overpressure protection of the Milepost 238 Heater System to identify improvements to the system which create reliable overpressure protection prior to resuming operation of the heater system. APSC shall minimally consider the following items:

- (i) installation of heat trace on PSV-185 or other method to prevent freeze related PSV malfunction,
 - (ii) utilization of PSV testing medium that will not solidify in ambient temperatures,
 - (iii) an engineered interlock within the heater system to prevent system shut in during conditions when thermal driven overpressure may exist, and
 - (iv) utilization of identified improvements on similar APSC heater systems,
- or

(b) provide the Director, Western Region with documentation that the Milepost 238 Heater System has been properly abandoned.

V. Enforcement:

27. This Agreement is subject to all enforcement authorities available to PHMSA under 49 U.S.C. § 60101, *et seq.*, and 49 CFR Part 190, including administrative civil penalties under 49 U.S.C. § 60122, of up to \$272,926 per violation for each day the violation continues and referral of the case to the Attorney General for judicial enforcement, if PHMSA determines that Respondent is not complying with the terms of this Agreement in accordance with the determinations made by the Director, or in accordance with decisions of the Associate Administrator if resolved pursuant to the Dispute Resolution process herein. The maximum civil penalty amounts are adjusted annually for inflation. *See* 49 CFR § 190.223. All work plans and associated schedules set forth or referenced in Section IV are automatically incorporated into this Agreement and are enforceable in the same manner.

VI. Review and Approval Process:

28. With respect to any submission under Section IV (Compliance Order) of this Agreement that requires the approval of the Director, the Director may: (a) approve, in whole or in part, the submission; (b) approve the submission on specified, reasonable conditions; (c) disapprove, in whole or in part, the submission; or (d) any combination of the foregoing. If the Director approves, approves in part, or approves with conditions, Respondent will take all actions as approved by the Director, subject to Respondent's right to invoke the dispute resolution procedures with respect to any conditions the Director identifies. If the Director disapproves all or any portion of the submission, the Director will provide Respondent a written

notice of the deficiencies. Respondent will correct all deficiencies within the time specified by the Director and resubmit it for approval.

VII. Dispute Resolution:

29. The Director and Respondent will informally attempt to resolve any disputes arising under this Agreement, including any decision of the Director under the terms of Section IV Compliance Order. If Respondent and the Director are unable to informally resolve the dispute within 15 calendar days after the dispute is first raised, in writing, to the Director, Respondent may submit a written request for a determination resolving the dispute from the Associate Administrator for Pipeline Safety, PHMSA. Such request must be made in writing and provided to the Director, counsel for the Western Region, and to the Associate Administrator for Pipeline Safety, no later than 10 calendar days from the 15-day deadline for informal resolution referenced in this paragraph. Along with its request, Respondent must provide the Associate Administrator with all information Respondent believes is relevant to the dispute. Decisions of the Associate Administrator under this paragraph will constitute final agency action. The existence of a dispute and PHMSA's consideration of matters placed in dispute will not excuse, toll, or suspend any term or timeframe for completion of any work to be performed under this Agreement during the pendency of the dispute resolution process.

VIII. Effective Date:

30. The term "Effective Date," as used herein, is the date on which the Consent Order is issued by the Associate Administrator, PHMSA, incorporating the terms of this Agreement.

IX. Recordkeeping and Information Disclosure:

31. Unless otherwise required in this Agreement, Respondent agrees to maintain records demonstrating compliance with all requirements of this Agreement for a period of at least five (5) years following completion of all work to be performed. For any reports, plans, or other deliverables required to be submitted to PHMSA pursuant to this Agreement, Respondent may assert a claim of business confidentiality or other protections applicable to the release of information by PHMSA, covering part or all of the information required to be submitted to PHMSA pursuant to this Agreement in accordance with 49 CFR Part 7. Respondent must mark the claim of confidentiality in writing on each page, and include a statement specifying the grounds for each claim of confidentiality. PHMSA determines release of any information submitted pursuant to this Agreement in accordance with 49 CFR Part 7, the Freedom of Information Act, 5 U.S.C. § 552, DOT and PHMSA policies, and other applicable regulations and Executive Orders.

X. Modification:

32. The terms of this Agreement may be modified by mutual agreement of the Parties. Such modifications must be in writing and signed by both parties.

XI. Termination:

33. This Agreement will remain in effect until the Civil Penalty in Section III and the Compliance Order in Section IV is satisfied, as determined by the Director. The Agreement shall not terminate until the Director confirms, in writing, that the Agreement is terminated in accordance with this paragraph. Nothing in this Agreement prevents Respondent from completing any of the obligations earlier than the deadlines provided for in this Agreement.

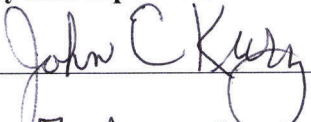
XII. Ratification:

34. The Parties' undersigned representatives certify that they are fully authorized to enter into the terms and conditions of this Agreement and to execute and legally bind such party to this document.

35. The Parties hereby agree to all findings, conditions, and terms of this Agreement.

[Signature Lines on Following Page]

For Alyeska Pipeline Service Company:



17-MAY-2026

President, Alyeska Pipeline Service Company

For PHMSA:

DUSTIN B HUBBARD Digitally signed by DUSTIN B HUBBARD
Date: 2026.05.13 06:42:59 -06'00'

Director, Western Region, Office of Pipeline Safety

Date