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

12300 W. Dakota Ave., Suite 340
Lakewood, CO 80228

NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER

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

October 2, 2025

Mr. John Kurz
President
Alyeska Pipeline Service Company
PO Box 196660 MS 502
Anchorage, AK 99519

CPF 5-2025-023-NOPV

Dear Mr. Kurz:

From December 5, 2024 to 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 (APSC) on November 26, 2024 in Coldfoot, Alaska.

As a result of the investigation, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items investigated and the probable violations are:

1. § 195.402 Procedural manual for operations, maintenance, and emergencies.

(a) …
(c) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(1) …
(7) Starting up and shutting down any part of the pipeline system in a manner designed to assure operation within the limits prescribed by § 195.406, consider the hazardous liquid or carbon dioxide in transportation, variations in altitude along the pipeline, and pressure monitoring and control devices.

APSC 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. APSC had a procedure for starting up and shutting down the Milepost 238 Heater System (Operating PSH System at MP238, Rev. 0, dated 4/22/24), but this procedure failed to comply with § 195.402(c)(7) because it did not properly control pressure below MOP, even when APSC followed the procedure. Historic pressure data indicated the pipeline experienced accidental overpressure on 13 occasions between January 31, 2021 and November 12, 2024 when the pipeline relieved system pressure through a relief valve. Again, on November 13, 2024, despite following the procedure, APSC exceeded the MOP of the system when the relief valve failed on demand, causing a release of crude oil.

On November 13, 2024, the TAPS Milepost 238 Heater System was started up and operated for approximately two hours. During this operation, the heater system received crude oil from the TAPS mainline, heated the crude oil, discharged the heated crude oil back into the TAPS mainline, and was then shut down.

The Milepost 238 Heater System's shut down operating procedure utilized by APSC personnel on November 13, 2024 instructed the onsite technician to "… circulate with pumps P-87 and P-88 for a minimum of ten minutes [*sic*] assure the heater is cooled down to oil circulation temperature." The following step in the procedure directs the onsite technician to "Press the ESD button… and verify isolation valves XV-167 and XV-168 ESD CLOSE."

Per data from the system historian, the onsite technician circulated the system for approximately 10 minutes prior to isolating the system via closing isolation valves XV-167 and XV-168, in accordance with the operating procedure. Immediately after the system was blocked in, the pressure within the heater system rapidly increased beyond pressure measurement capability of the system and the pressure relief valve failed to operate as designed, causing the pressure to exceed the MOP of the system, resulting in crude oil leaks from nine flange sets and three valves.

The 10 minute circulation of the Milepost 238 Heater System as directed by the procedure was insufficient in duration to remove the heat from the heater system commensurate with operating within required pressure limits. In addition, the procedure did not define the appropriate oil circulation temperature that the circulation time is apparently intended to achieve prior to system shut in. Finally, the procedure failed to clearly define the MOP of the heating system. Therefore, the procedure failed to provide adequate information and instruction required to operate the system within pressure limits.

Accordingly, APSC was in violation of § 195.402 for failing to provide procedures to assure operation within the pressure limits prescribed by § 195.406.

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) …
(3) The maximum operating pressure of each pipeline.

APSC failed to maintain records of the maximum operation pressure (MOP) of its Milepost 238 Heater System.

The Milepost 238 Heater System was constructed and commissioned in 2020. PHMSA requested MOP records as part of its investigation of the November 2024 overpressure event.

APSC provided an MOP determination spreadsheet to PHMSA but acknowledged that these records were prepared in response to the PHMSA information request. The determination spreadsheet provided by APSC contained a summary of the heater system pressure test and design information by component but did not communicate an established MOP for the system. MOP was not referenced anywhere within the provided MOP determination spreadsheet by component, by system, or otherwise.

APSC verbally indicated to PHMSA that the heater system's MOP was 1440 psig, however the pressure test information within the MOP determination spreadsheet did not support a 1440 psig MOP determination. The spreadsheet indicated that the heater bundle portion of the heater system was pressure tested at 1425 psig, which is not a sufficient pressure to establish a 1440 psig MOP per the Subpart E pressure testing requirements.

APSC provided no additional records that clearly and comprehensively documented that the establishment of MOP occurred within the operating life of the heater system. Further, a drawing of heater system piping included a reference to a maximum allowable working pressure of 1096 psig at 600 degrees Fahrenheit with a factory pneumatic pressure test at 1425 psig.[1] This is in conflict with the 1440 psig verbal MOP and the MOP determination spreadsheet.

Therefore, APSC violated § 195.404(a)(3) for failing to maintain current and accurate records of the MOP of their pipeline system.

3. § 195.404 Maps and Records

(a) …

[1] The pneumatic pressure test referenced on the manufacturer drawings is not permitted by the pipeline safety regulations per §§ 195.305 and 195.306. In addition, PHMSA has not been provided any documentation of any additional pressure testing of the heater system above 1425 psig.

(b) Each operator shall maintain for at least 3 years daily operating records that indicate—
(2) Any emergency or abnormal operation to which the procedures under § 195.402 apply.

APSC 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).

Safety device Pressure Safety Valve (PSV)-185 provided overpressure protection to APSC's Milepost 238 Heater System when the system was isolated from the mainline via valves XV-167 and XV-168 per the piping and instrumentation diagram provided by the operator.

Historic pressure data of APSC's Milepost 238 Heater System indicated that the heater system's safety device PSV-185 relieved overpressure on the pipeline on 13 separate occasions between January 31, 2021, and November 12, 2024. Neither a high pressure alarm nor a PSV actuation indication were configured within the heater system. APSC only identified these abnormal operation events during the investigation of the November 2024 overpressure event and leak, long after many of these events occurred. During the investigation, PHMSA requested to review records relating to these events. APSC was able to provide the historic data requested by PHMSA, but it was not able to produce any daily records of the abnormal operation that were prepared contemporaneous to the events.

Section 195.402(d)(1) requires responding to, investigating, and correcting the cause of the operation of a safety device. The recurrent and numerous PSV-185 relief events, as well as the absence of record indicated that response, investigation, and correction of the operation of the safety device had not occurred.

Accordingly, APSC was in violation of § 195.404(b)(2) for failing to maintain daily operating records of abnormal operation requirements required by § 195.402(d)(1)(iv).

4. § 195.406 Maximum operating pressure.

(a) …
(b) No operator may permit the pressure in a pipeline during surges or other variations from normal operations to exceed 110 percent of the operating pressure limit established under paragraph (a) of this section. Each operator must provide adequate controls and protective equipment to control the pressure within this limit.

APSC 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.

On November 13, 2024, the TAPS Milepost 238 Heater System was started up and operated for approximately two hours before being shut down. During this operation, the heater system

received crude oil from the TAPS mainline, heated the crude, and discharged the heated crude back into the TAPS mainline.

Approximately 10 minutes after the heater was shut down, the heater system piping was isolated from the TAPS mainline via closure of shut down valves XV-167 and XV-168. Immediately after closure of these shut down valves, pressure began to rapidly increase within the heater system due to residual heat from the heater creating pressure in the closed system.

Pressure within the heater system was measured by pressure indicating transmitter PIT-383A. The maximum pressure measuring ability of PIT-383A was approximately 1550 psig. Pressure trend information from the November 13, 2024, event indicated that the pressure was rapidly increasing when the upper limit of PIT-383A (approximately 1550 psig) was reached and remained unmeasured above 1550 psig for approximately 5 hours before dropping below 1550 psig due to natural cooling of the system. Pressure information from PIT-383A was available via controller screens and locally, but no high pressure alarm was configured for the heater system.

A crude oil weep from a flange set in the heater system was found on November 25, 2024, and the overpressure event was determined by APSC on November 26, 2024. Subsequent investigation found that a total of nine flange sets and three valves experienced crude oil weeps attributed to the overpressure event. As of January 15, 2025, the heater system was out of service and a repair plan was under development by APSC.

During PHMSA's investigation, APSC did not provide PHMSA with information sufficient to clearly communicate an MOP of the Milepost 238 Heater System (see Item 2). APSC provided information supported conflicting heater system MOP values ranging from 1096 psig to 1440 psig.

The maximum pressure reached within the heater system on November 13, 2024, beyond the measured 1550 psig is unknown due to the configured maximum measurement limit of PIT-383A. However, the maximum measured pressure, the rapidly increasing pressure trend, nine weeping flange sets, and three weeping valves indicated a significant exceedance of 110% MOP even if the MOP of the system was 1440 psig.

In addition, a second overpressure event occurred within a segment of the Milepost 238 Heater System that was discovered by onsite technicians on January 11, 2025. An approximately 20-foot-long segment of eight-inch piping between valves XV-168 and V-120 had been left isolated due to repair of the system from the November 13, 2024 overpressure event. On January 11, 2025 technicians observed a crude oil weep from a flange set associated with a liquid packed and blocked-in section of piping between closed valves XV-168 and V-120. Pressure was measured on the isolated piping segment with a hand-held pressure gauge capable of measuring a maximum pressure of approximately 1500 psig. The pressure measured exceeded the maximum measurable limit of the gauge. The isolated segment of piping did not have instrumentation, controls, or protective equipment to manage the pressure in the segment. Overpressure of the blocked-in piping segment likely occurred due to thermal expansion of the crude oil in the system when ambient temperature increased and heated the crude oil. The precise maximum pressure experienced within the piping segment is unknown as it exceeded the measurable limit

of the gauge, but it was at least more than 1500 psig as measured with the hand-held gauge, which in combination with the observed crude oil weep at the flanged connection indicated that the piping segment experienced pressure significantly above 110% MOP.

Accordingly, APSC was in violation of § 195.406(b) for failing to operate within 110% of MOP and failing to provide adequate controls and protective equipment to control pressure within this limit.

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.

APSC 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).

Pilot valve-operated PSV-185 was utilized within the TAPS Milepost 238 Heater System which is geographically located North of the Arctic Circle in Alaska. PSV-185 was designed to provide heater system overpressure protection via opening to relieve pressure when system pressure reached 1000 psig. On November 13, 2024, the heater system experienced two high pressure events that significantly exceeded 1000 psig. PSV-185 failed to operate properly and did not relieve pressure at any time during the high pressure events.

APSC provided information regarding the subsequent investigation into the condition of PSV-185 which concluded that it was not functioning properly and otherwise was not reliable for the service in which it was used due to the manner in which APSC had tested the valve. Specifically, the valve failed to open and relieve pressure due to homogenous clear ice being packed within the PSV's pilot valve. PSV-185 had been pressure tested with water prior to its installation in a crude oil service within the heater system. The residual water from the pressure test remained in the pilot valve and froze to ice in cold ambient temperature conditions. The ice prevented PSV-185's pilot valve from functioning, rendering PSV-185 inoperable. PSV-185 was installed in an outdoor service and was insulated, however it was not installed with an external heating source (heat trace).

Therefore, although APSC tested PSV-185, the manner in which they tested it was inappropriate for the service which it was used and hindered the valve's ability to reliably operate on demand.

Further, APSC was required to maintain its system at a level of operational and maintenance safety as required by Subpart F of the pipeline safety regulations pursuant to § 195.401(a). The manner in which APSC tested PSV-185 failed to meet these criteria and led to its failure.

Accordingly, APSC failed to test and inspect PSV-185 specifically to ensure adequate reliability to operate in the service with which it was used, as required by § 195.428(a).

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed $272,926 per violation per day the violation persists, up to a maximum of $2,729,245 for a related series of violations. For violation occurring on or after December 28, 2023 and before December 30, 2024, the maximum penalty may not 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.

We have reviewed the circumstances and supporting documentation involved for the above probable violations and recommend that you be preliminarily assessed a civil penalty of $243,800 as follows:

Item number	PENALTY
1	$ 50,200
2	$ 46,500
3	$ 116,100
4	$ 23,600
5	$ 7,400

Proposed Compliance Order

With respect to Items number 1, 2, 4 and 5 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Alyeska Pipeline Service Company. 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. 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 5-2025-023-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: 2025.10.02 14:14:42 -06'00'

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

cc: PHP-60 Compliance Registry
PHP-500 H. Keogh (25-329886)
Melanie Osborne, APSC HSEC Director, APSCGovtLetters@alyeska-pipeline.com
Janine Boyette, APSC Sr. Compliance Manager, janine.boyette@alyeska-pipeline.com

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

PROPOSED COMPLIANCE ORDER

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

A. In regard to Item 1 of the Notice, pertaining to inadequate pressure management, APSC shall 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.

B. In regard to Item 2 of the Notice pertaining to MOP records, APSC must provide PHMSA with clear record of MOP determination for the Milepost 238 Heater System. In addition, documents provided shall include pressure testing records sufficient in detail to demonstrate compliance with §§ 195.304 and 195.305 pressure testing requirements. APSC shall provide the requested records to PHMSA prior to the resumed operation of the heater system.

C. In regard to Item 4 of the Notice pertaining to exceedance of MOP, APSC must:

1. 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. APSC shall provide the requested inspection and repair plan to PHMSA prior to resuming operation of the heater system.

2. APSC shall 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. APSC shall minimally consider the utilization of high pressure alarms within the heater system. APSC shall provide PHMSA with record of the evaluation and record of any changes to the heater system relating to the evaluation prior to the operation of the heater system.

D. In regard to Item 5 of the Notice pertaining to the failure of PSV-185, APSC shall evaluate the overpressure protection of the Milepost 238 Heater System to identify improvements to the system which create reliable overpressure protection. APSC shall minimally consider the following items:

1. Installation of heat trace on PSV-185 or other method to prevent freeze related PSV malfunction.

2. Utilization of PSV testing medium that will not solidify in ambient temperatures.

3. An engineered interlock within the heater system to prevent system shut in

during conditions when thermal driven overpressure may exist.

4. Utilization of identified improvements on similar APSC heater systems.

APSC shall provide record of the evaluation and record of any changes to the heater system relating to the evaluation prior to operation of the heater system.

E. It is requested (not mandated) that Alyeska Pipeline Service Company 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.