



U.S. Department
of Transportation

**Pipeline and Hazardous
Materials Safety Administration**

400 Seventh Street, S.W.
Washington, D.C. 20590

MAY 16 2007

BY CERTIFIED MAIL (RETURN RECEIPT REQUESTED) AND FACSIMILIE (907) 450-5415

Mr. Rob Shoaf
Vice President, Regulatory Affairs
Alyeska Pipeline Service Company
900 East Benson Blvd.
Anchorage, AK 99507

Re: CPF No. 5-2001-0012

Dear Mr. Shoaf:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It makes findings of violation and finds that you have completed the actions specified in the Notice required to comply with the pipeline safety regulations. This case is now closed. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

James Reynolds
Pipeline Compliance Registry
Office of Pipeline Safety

cc: Mr. Chris Hoidal, P.E., Director, Western Region, PHMSA

Enclosure

**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. 5-2001-0012

))
Respondent)
_____)

FINAL ORDER

On September 26-29, 2000, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (“PHMSA”)¹, Western Region, Office of Pipeline Safety, conducted an on-site pipeline safety inspection of Respondent’s facilities and records in Fairbanks, Alaska, and at various locations along the Fuel Gas Line (“FGL”), operated by Respondent. The FGL provides fuel for equipment used on the Trans Alaska Pipeline System (“TAPS”), also operated by Respondent. As a result of the inspection, the Director, Western Region, PHMSA, issued to Respondent, by letter dated December 3, 2001, a Notice of Probable Violation and Proposed Compliance Order (“Notice”). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had committed violations of 49 C.F.R. §§ 192.179(b)(1), 192.189(a), 192.317(a), and 192.703(a - b), and proposed ordering Respondent to take certain measures to correct the alleged violations. The Notice also contained a warning that Respondent had committed a probable violation of 49 C.F.R. §192.605(a) and advised Respondent to take appropriate corrective action.

Respondent replied to the Notice by letter dated February 12, 2002 (“Response”). Respondent did not contest the allegations of violation but provided information concerning the corrective actions it had taken and requested a hearing. Respondent later withdrew its request for a hearing by letter dated February 26, 2003, and has therefore waived its right thereto.

FINDINGS OF VIOLATION

In its Response, Respondent did not contest the alleged violations in the Notice. Accordingly, I

¹ Effective February 20, 2005, the Pipeline and Hazardous Materials Safety Administration (PHMSA) succeeded the Research and Special Programs Administration as the agency responsible for regulating safety in pipeline and hazardous materials transportation. *See*, section 108 of the Norman Y. Mineta Research and Special Programs Improvement Act (Public Law 108-426, 118 Stat. 2423-2429 (November 30, 2004)). *See also*, 70 Fed. Reg. 8299 (February 18, 2005) redefining the pipeline safety authorities and functions to the PHMSA Administrator.

find that Respondent violated the following sections of 49 C.F.R. Part 192, as follows:

Item 1:

49 C.F.R. §192.179(b)(1) – The Notice alleged that Respondent violated 49 C.F.R. §192.179(b)(1), which provides:

“(b) Each sectionalizing block valve on a transmission line, other than offshore segments, must comply with the following:

- (1) The valve and the operating device to open or close the valve must be readily accessible and protected from tampering and damage.”

Accordingly, I find that Respondent violated §192.179(b)(1) by allowing the vaults on Respondent’s FGL at Mile Posts 18, 47, and 70 to fill with water, thus covering each lateral “take off” valve inside and rendering it inaccessible. In the case of MP 70, the vault was completely filled with water and frozen solid.

49 C.F.R. §192.189(a) – The Notice alleged that Respondent violated 49 C.F.R. §192.189(a), which provides:

“(a) Each vault must be designed so as to minimize the entrance of water.”

Accordingly, I find that Respondent violated §192.189(a) by designing and constructing the vaults on Respondent’s FGL at Mile Posts 18, 47, and 70, in such a manner as to allow the vaults to fill with water, to allow the valves and operating devices inside to be covered by water and, in the case of MP 70, to be encased in ice. Such actions constitute a failure to design the vaults so as to minimize the entrance of water.

Item 2:

49 C.F.R. §192.317(a) – The Notice alleged that Respondent violated 49 C.F.R. §192.317(a), which provides:

“(a) The operator must take all practicable steps to protect each transmission line or main from washouts, floods, unstable soils, landslides, or other hazards that may cause the pipeline to move or to sustain abnormal loads.”

Accordingly, I find that Respondent violated §192.317(a) for the following reasons. Respondent allowed its normally buried FGL in the vicinity of 84 Mile Hill to become exposed through extensive soil loss with no stable soil beneath it. In addition, the line appeared to be exhibiting settlement that may result in excessive bending and strain (0.5%). This constitutes a failure to take all practicable steps to protect the FGL from hazards that may cause the pipeline to move or sustain abnormal loads.

49 C.F.R. §192.703(a - b) – The Notice alleged that Respondent violated 49 C.F.R. §192.703(a - b), which provides:

“(a) No person may operate a segment of pipeline, unless it is maintained in accordance with this subpart.

(b) Each segment of pipeline that becomes unsafe must be replaced, repaired, or removed from service.”

Accordingly, I find that Respondent violated §192.703(a - b) for the following reasons. As of the date of the inspection, Respondent had allowed the FGL at 84 Mile Hill to become exposed with no stable soil beneath it. Furthermore, Respondent had not undertaken any type of analysis to determine if such exposure and lack of support had resulted in excessive bending or strain to the pipeline, nor had it undertaken or scheduled any corrective action to prevent further settlement. I find such inaction constitutes operation of an unsafe segment of pipeline without proper maintenance, repair, replacement or removal from service.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 1 and 2 in the Notice for alleged violations of 49 C.F.R. §§192.179(b)(1), 192.189(a), 192.317(a), and 192.703(a - b). Under 49 U.S.C. §60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under Chapter 601. The Western Region Director has indicated that Respondent has taken the following actions specified in the proposed compliance order:

With respect to Notice Item 1, Respondent has installed above-grade isolation valves between its FGL and the lateral pipelines located at TAPS MP 18, 47 and 70. It now appears that the valves and operating devices serving the lateral pipelines are readily accessible and may be isolated in case of an emergency.

With respect to Notice Item 2, Respondent has reburied the exposed sections of the FGL in the vicinity of 84 Mile Hill. Respondent has also provided an engineering analysis, dated January 22, 2007, that appears to indicate that the movement of the FGL observed during the inspection has not impaired its integrity.²

Accordingly, since compliance has been achieved with respect to these violations, the compliance terms are not included in this Order.

² Kiefner & Associates, Inc., *Analysis of Pipeline Integrity Concerns Associated With Shallow Depth of Cover on the TAPS Fuel Gas Line* (Jan. 22, 2007).


WARNING ITEM

With respect to Item 3, the Notice alleged a probable violation of Part 192 but did not propose a civil penalty or compliance order for this item. Therefore, this is considered to be a warning item pursuant to 49 C.F.R. §190.205. The warning was for:

49 C.F.R. §19.605(a) – Failure to timely review and update the FGL Operation and Maintenance Manual and to maintain updated manuals at TAPS Pump Stations 1 through 4.

Respondent presented information in its Response showing that it had taken action toward addressing this Warning Item. Having considered such information, I find nevertheless that this Item constitutes a probable violation under 49 C. F. R. §192.605(a), and Respondent is hereby advised to correct such condition. In the event that PHMSA finds a violation of said item in a subsequent inspection, Respondent may be subject to future enforcement action.

The terms and conditions of this Final Order are effective on receipt.



for Jeffrey D. Wiese
Acting Associate Administrator
for Pipeline Safety

MAY 16 2007

Date Issued