

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Rob Shoaf
Vice President
Alyeska Pipeline Company
1835 South Bragaw Street
Anchorage, AK 99512

RE: CPF No. 5-2000-5018

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 violations, assesses a civil penalty of \$25,000, and requires certain corrective action. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5. I acknowledge receipt of, and accept your wire transfer dated November 13, 2000 in the amount of \$25,000 as payment in full of the civil penalty assessed against Alyeska in the Final Order. The Final Order has been reviewed to determine compliance with the terms therein. Based on the recommendation of the Director, Western Region, this case is now closed and no further enforcement action is contemplated with the respect to the matters involved in this case. Thank you for your cooperation in our joint effort to ensure pipeline safety.

Sincerely,

Gwendolyn M. Hill
Pipeline Compliance Registry
Office of Pipeline Safety

DEPARTMENT OF TRANSPORTATION
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION
WASHINGTON, DC 20590

In the Matter of)
Alyeska Pipeline Service Company) CPF No. 5-2000-5018
Respondent)

FINAL ORDER

On July 26, 2000, pursuant to 49 U.S.C. § 60117, a representative of the Western Region, Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of Respondent's facilities and records at the North Pole Metering Station near North Pole, Alaska. As a result of the inspection, the Director, Western Region, OPS, issued to Respondent, by letter dated September 14, 2000, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent committed violations of 49 C.F.R. §§ 195.404, 195.406, and 195.436, and proposed assessing a civil penalty of \$25,000 for the alleged violation of 49 C.F.R. §195.406. The Notice also proposed that Respondent take certain measures to correct the alleged violations.

In a letter dated November 13, 2000, Respondent submitted a Response to the Notice. Respondent did not contest the allegations of violation but provided information concerning the corrective actions it has taken. Respondent submitted payment in the amount of the proposed penalty (\$25,000), waiving further right to appeal and authorizing entry of this Final Order.

FINDINGS OF VIOLATION

Respondent did not contest alleged violations § 195.404, 195.406, and 195.436 in the Notice. Accordingly, I find that Respondent violated 49 C.F.R. Part195, as more fully described in the Notice:

49 C.F.R. §195.404 – failing to maintain current maps and records of its pipeline system;

49 C.F.R. §195.406 – failing to provide adequate over-pressure control for its lateral pipelines in the North Pole Metering Station, surges or other variations, due to an incorrectly established maximum operating pressure; and

49 C.F.R. §195.436 – failing to adequately secure facility from unauthorized entry.

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

against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to a civil penalty not to exceed \$25,000 per violation for each day of the violation up to a maximum of \$500,000 for any related series of violations.

49 U.S.C. § 60122 and 49 C.F.R. § 190.225 require that, in determining the amount of the civil penalty, I consider the following criteria: nature, circumstances, and gravity of the violation, degree of Respondent's culpability, history of Respondent's prior offenses, Respondent's ability to pay the penalty, good faith by Respondent in attempting to achieve compliance, the effect on Respondent's ability to continue in business, and such other matters as justice may require.

Accordingly, having reviewed the record and considered the assessment criteria, I assessed Respondent a civil penalty of \$25,000, already paid by the Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order. Respondent has demonstrated corrective action addressing the items in the proposed compliance order. Respondent issued the new North Pole metering facility piping and instrumentation drawings and is in the process of modifying controls for this facility and will provide updates. Respondent has reset the relief set points to a value that insures 110 percent of the MOP (1152 pounds per square inch) would not be exceeded during any abnormal operations. Respondent successfully completed a hydrostatic test to 1751 psig for 4 hours without significant leaks, which allowed them to reset the MOP to 1400 psig. The relief set points were reset back to 1330 psig after the hydrostatic test. Respondent provided a completed work order to substantiate repair of the gate to the facility to improve security at the entrance to the facility.

The Director, Western Region, OPS has accepted these measures as adequately fulfilling the requirements of the regulations and no further action is needed with respect to a compliance order.

Under 49 C.F.R. § 190.215, Respondent has a right to petition for reconsideration of this Final Order. The petition must be received within 20 days of Respondent's receipt of this Final Order and must contain a brief statement of the issue(s). The filing of the petition automatically stays the payment of any civil penalty assessed. All other terms of the order, including any required corrective action, shall remain in full effect unless the Associate Administrator, upon request, grants a stay. The terms and conditions of this Final Order are effective upon receipt.

Stacey Gerard
Associate Administrator
for Pipeline Safety

Date Issued: _____