

Mr. Mark Necessary
Senior Vice President, Refinery Operations
Tesoro Alaska Petroleum Company
P.O. Box 3369
Kenai, Alaska 99611

Re: CPF No. 56702

Dear Mr. Necessary:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It makes findings of violation and acknowledges completion of corrective action. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

In the event Tesoro Alaska Petroleum does not petition for reconsideration of this Final Order, this case will be closed at the expiration of the 20 day petition period and no further correspondence will follow. Thank you for your cooperation in our joint effort to ensure pipeline safety.

Sincerely,

Gwendolyn M. Hill
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosure

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

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

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| _____ |) | |
| In the Matter of |) | |
| |) | |
| Tesoro Alaska Petroleum Company, |) | CPF No. 56702 |
| |) | |
| Respondent. |) | |
| _____ |) | |

FINAL ORDER

On November 30, December 1, and December 15, 1995, pursuant to 49 U.S.C. § 60117, a representative of the Office of Pipeline Safety (OPS) conducted an on-site pipeline safety inspection of Respondent's facilities and records in Anchorage and Nikiski, Alaska. As a result of the inspection, the Director, Western Region, OPS, issued to Respondent, by letter dated March 8, 1996, a Notice of Probable Violation, Proposed Compliance Order, and Notice of Amendment (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had violated 49 C.F.R. §§ 195.412(b), 195.401(b) and 195.416(a) and proposed that Respondent take certain measures to correct the alleged violations. The Notice also proposed, in accordance with 49 C.F.R. § 190.237, that Respondent amend its anti-drug plans.

Respondent responded to the Notice by letter dated April 4, 1996 (Response). Respondent offered explanations of the allegations of violation and provided information about corrective action taken or planned. Respondent requested a hearing if the corrective action it outlined were not sufficient. Since this order accepts the outlined corrective action, the right to a hearing is deemed waived.

FINDINGS OF VIOLATION

Respondent did not contest alleged violations 1 and 2 in the Notice. Accordingly, I find that Respondent violated the following sections of 49 C.F.R. Part 195, as more fully described in the Notice:

49 C.F.R. § 195.412(b) -- failing to inspect the pipeline crossing beneath Turnagain Arm since 1978; and

49 C.F.R. § 195.401(b) -- failing to correct low pipe-to-soil potentials that persisted near Point Possession from 1992 to 1995.

With respect to alleged violation 3, the Notice alleged that Respondent failed to monitor 22 miles of pipeline, specifically the submerged portion crossing the Turnagain Arm, to determine the adequacy of cathodic protection. The regulation, 49 C.F.R. § 416(a), requires monitoring every 15 months. Respondent argued that it had performed a cathodic protection survey in 1983 from Point Possession to "five miles out" and that the submerged portion consisted of 14 miles rather than the 22 miles noted in the Notice. Respondent also argued that close interval survey was neither required nor feasible on some of the pipeline. None of these arguments negates a violation -- it is clear from the record that Respondent did not monitor the submerged portion of the line beneath the Turnagain Arm for adequate cathodic protection within 15 month period preceding the inspection. I note that Respondent initiated steps soon after the inspection to correct the situation and established procedures to assure that monitoring would be done as required by the regulation.

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. Respondent has demonstrated corrective action addressing the items in the proposed compliance order. 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.

AMENDMENT OF PROCEDURES

The Notice alleged inadequacies in Respondent's anti-drug plans and proposed to require amendment of Respondent's procedures to comply with the requirements of 49 C.F.R §§ 199.17(b), 40.33(e) and 199.19(b). In its response, Respondent described the changes made to its amended procedures, which the Director, Western Region, OPS, has accepted as adequate. Accordingly, no need exists to issue an order directing amendment.

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

___/s/ Richard B. Felder_____
Richard B. Felder
Associate Administrator for Pipeline Safety

Date Issued: ___04/28/98_____

