

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 31, 1997

Mr. Dale Kisse
Price/Ahtna
301 West Northern Lights Boulevard, Suite 300
Anchorage, AK 99503

CPF No. 57704-W

Dear Mr. Kisse:

On March 10, 11 and 12, 1997, a representative of the Western Region, Office of Pipeline Safety, pursuant to Chapter 601 of 49 United States Code, conducted an onsite pipeline safety inspection of the Golden Valley Electric Association (GVEA) pipeline facilities in North Pole, Alaska. The inspection included field observations made of the pipeline facilities between the MAPCO refinery and the Trans Alaska Pipelines System (TAPS), and associated operating and maintenance procedures and records. It is our understanding that Price/Ahtna replaced MAPCO Alaska Petroleum, Inc. as the operator of the GVEA pipelines in January 1997.

During this inspection, our representative did not observe any of the regulatory deficiencies noted in the proposed compliance order issued by our office on June 4, 1996, to the past operator of these facilities. As a result of this inspection, however, it appears that you have committed probable violations as noted below of pipeline safety regulations Title 49, Code of Federal Regulations, Part 192. The items inspected and the probable violations are:

- 1. § 195.402(e)(1) requires the procedural manual for operations, maintenance, and emergencies to include procedures to receive, identify, and classify notices of events which need immediate response by the operator or notice to fire, police, or other appropriate public officials and communicating this information to appropriate operator personnel for corrective action.**

The O&M manual identifies key operator position titles that are essential to performing operation, maintenance, and emergency response on the pipeline. Price/Ahtna has not designated personnel to fill each of these positions. The operator must identify specific personnel for each key position noted in the O&M manual, and names and contact phone numbers to ensure immediate response must be provided.

2. **§ 195.410(a)(2) requires each operator place and maintain line markers over each buried pipeline, and the markers must include the name of the operator and a telephone number (including area code) where the operator can be reached at all times.**

The name and contact number of Price/Ahtna is not included on the GVEA pipeline markers. The markers still identify MAPCO Alaska Petroleum, Inc. as the operator. The line marker information must be corrected.

3. **195.416(i) requires each operator to clean, coat with material suitable for the prevention of atmospheric corrosion, and, maintain this protection for each component in its pipeline that is exposed to the atmosphere.**

The valves, flanges, and exposed pipelines in the Petrostar tie-in valve pit are not adequately coated to prevent atmospheric corrosion. The pipelines are also not suitably coated where they transition from the atmosphere and into the soil. The pipe coatings on the 6 and 8-inch residuum pipelines are yellow, low density polypropylene coatings, and the 14-inch crude supply pipeline uses a Tapecoat ColdPrime low density polyethylene tape. Since these materials perform poorly when exposed to UV rays, the coatings in the Petrostar pit have experienced significant cracking and peeling. The underlying exposed steel is beginning to show evidence of corrosion beyond surficial oxidation. All pipelines and pipeline components exposed to the atmosphere, including where they transition into soil, must be adequately coated.

4. **§ 195.440 requires that each operator establish a continuing education program to enable the public, appropriate government organizations and persons engaged in excavation-related activities to recognize a hazardous liquid or a carbon dioxide pipeline emergency and to report it to the operator or fire, police, or other appropriate public officials and,**

§ 195.402(c)(12) requires that each operator establish and maintain liaison with fire police and other appropriate public officials to learn the responsibility and resources of each government organization that may respond to a hazardous liquid pipeline emergency and acquaint the officials with the operator's ability in respond to a hazardous liquid pipeline emergency and means of communication.

The O&M manual states that a Civilian Emergency Response Plan (CERP) will be developed as a means of outlining the operator's anticipated response activities and capabilities to facilitate these liaison activities. The O&M manual also states that the pipeline operator will review the CERP with the Local Emergency Planning Committee (LEPC) and other appropriate public officials who may be involved in a response. The operator will continue to coordinate with LEPC authorities at least once every 12 months.

As of the date of this inspection, the CERP had not been completed. In addition the description of the CERP does not address a continuing education program for the general public that may be impacted by a pipeline spill. The CERP and a method for educating the general public must be completed.

5. § 195.442 requires that after September 1995, that each operator of a buried pipeline carry out in accordance with this section a written program to prevent damage to that pipeline by excavation activities.

Price/Ahtna does not have a formal written damage prevention program that meets all of the requirements of 49 C.F.R. § 195.442. The program that meets all of these requirements must be developed and implemented.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$25,000 for each violation for each day the violations persists up to a maximum of \$500,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to assess you a civil penalty. We advise you, however, that should you not correct the circumstances leading to the violations, we will take enforcement action when and if the continued violations come to our attention.

In addition to the above listed probable violations, the inspection revealed an additional area of concern. Currently, MAPCO refinery and Alyeska personnel play key roles in both the normal and abnormal operations of the GVEA pipelines. Key pipeline operating and safety devices are located on property controlled by MAPCO and Alyeska. Price/Ahtna must guarantee that all personnel that are involved in operation, maintenance, and emergency response functions for the GVEA pipelines meet the requirements of 49 C.F.R. Parts 192 and 199. Price/Ahtna must also ensure that all components needed for the safe operation of the GVEA pipelines are operated and maintained in accordance with 49 C.F.R. Part 192, regardless of their locations.

You will not hear from us again with regard to the noted inspection and our subsequent action. Because of the good faith that you have exhibited up to this time, we expect that you will act to bring your pipeline and your operations into compliance with pipeline safety regulations.

Sincerely,

Edward J. Ondak
Director, Western Region