



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

FEB 27 2008

1200 New Jersey Ave., S.E.
Washington, DC 20590

Mr. Shawn Brown
Superintendent, Pipelines and Terminals
Tesoro Alaska Company
P.O. Box 3369
Kenai, AK 99611-3369

Re: CPF No. 5-2002-5014M

Dear Mr. Brown:

Enclosed is the Order Directing Amendment in the above-referenced case. It makes a finding of inadequate procedures and requires that you amend your written operations and maintenance procedures. When the terms of the Order are completed, as determined by the Director, Western Region, PHMSA, this enforcement action will be closed. Your receipt of the Order Directing Amendment constitutes service of that document under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, DC 20590**

In the Matter of)	
)	
Tesoro Alaska Company,)	CPF No. 5-2002-5014M
)	
Respondent)	

ORDER DIRECTING AMENDMENT

On October 4, 2001, and November 16, 2001, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA)¹, Office of Pipeline Safety inspected Respondent's facilities and records in Kenai and Anchorage, AK. As a result of the inspection, the Director, Western Region, PHMSA (Director), issued to Respondent, by letter dated May 3, 2002, a Notice of Amendment (NOA). The NOA alleged inadequacies in Respondent's written Operations and Maintenance (O&M) procedures and proposed certain amendments to Respondent's procedures to comply with the requirements set forth in 49 C.F.R. § 195.406. Section 195.402 requires Respondent to have and to follow a written procedural manual for operations, maintenance and emergencies.

Respondent responded to the NOA by letter dated June 7, 2002 (Response). Respondent did not contest the allegations set forth in the NOA and did not request a hearing; consequently, Respondent waived its right to one.

¹ Effective February 20, 2005, the Pipeline and Hazardous Materials Safety Administration (PHMSA) succeeded Research and Special Programs Administration (RSPA) as the agency responsible for regulating safety in pipeline 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) re-delegating the pipeline safety authorities and functions to the PHMSA Administrator.

Accordingly, I find that Respondent's original operations and maintenance procedures, as described in the NOA, were inadequate to ensure safe operation of its pipeline system.

In its Response, Respondent provided amended O&M procedures to address the inadequacies cited in the NOA. Subsequently, Respondent provided additional amended procedures, dated March 11, 2004. The Director has reviewed those amended procedures. Accordingly, based on the results of that review, I find that Respondent has corrected the identified inadequacies for all Items except Item 1(n). Aside from Item 1(n), Respondent need not take any further action with respect to the other Items in this case.

Item 1(n) of the NOA proposed that Respondent amend its procedures for compliance with 49 C.F.R. § 195.406, to include the process Respondent would use to determine Maximum Operating Pressure (MOP) for a new pipe segment, or for new pipe installed in its pipeline system. Section 195.406 prohibits Respondent from operating its pipeline beyond MOP and provides certain criteria for determining the correct MOP.

Respondent's amended procedures for compliance with § 195.406 indicate only that Respondent will determine the MOP of any new pipe segment or any new pipe installed in its pipeline system by reference to guidance provided by ASME B31.4 or 49 C.F.R. § 195.106. Mere reference to these standards alone is not an acceptable procedure for compliance with §195.406. Respondent must develop, and include in its O&M manual, its own detailed written procedures for determining the correct MOP. Detailed procedures are essential to enable Respondent to make an accurate and reliable determination of MOP that corresponds to the particular specifications of its pipeline.

Accordingly, I find that Respondent's O&M procedures remain inadequate to ensure safe operation of its pipeline system. Pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237, Respondent is ordered to make the following changes to its operations and maintenance procedures. Respondent must –

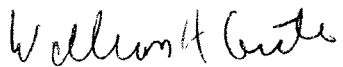
1. Amend its procedures for compliance with § 195.406 to include a step-by-step process detailing how Respondent will determine the maximum operating pressure for any new pipe segment or any new pipe installed within Respondent's pipeline system.
2. Submit the amended procedures to the Director within thirty (30) days following receipt of this Order Directing Amendment. With respect to the submission of amended procedures, the Director may notify Respondent if any or all of the procedures have been amended satisfactorily; or if further modification is necessary, require Respondent to modify the submission to cure deficiencies. If the Director finds deficiencies and orders further modification, Respondent must proceed to take all action to correct its procedures to comply with the Director's order. Respondent must correct all deficiencies within the time specified by the Director and resubmit the procedures for review.

3. If a resubmitted item is disapproved in whole or in part, the Director may again require Respondent to correct the deficiencies in accordance with the foregoing procedure, or the Director may otherwise proceed to enforce the terms of this Order.

The Regional Director may extend the period for complying with any of the required items if the Respondent requests an extension and adequately justifies the reasons for the extension.

The terms and conditions of this Order Directing Amendment shall be effective upon receipt.

Failure to comply with this Order may result in administrative assessment of civil penalties not to exceed \$100,000 for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.



Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

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Date Issued