



U.S. Department  
of Transportation

**Research and  
Special Programs  
Administration**

400 Seventh St. S.W.  
Washington D.C. 20590

OCT 30 2003

Mr. Rodney Cason  
Vice President, Refining  
Tesoro Alaska Petroleum Company  
P.O. Box 3369  
Kenai, AK 99611-3369

Re: CPF No. 58518

Dear Mr. Cason:

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 corrective actions proposed in the Notice. This case is now closed. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

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

In the Matter of

Tesoro Alaska Petroleum Company,

Respondent.

CPF No. 58518

**FINAL ORDER**

On April 8, 9 and 16, 1998, 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 Nikiski to Anchorage refined products pipeline and of the records for this pipeline. Another representative of OPS conducted follow-up inspections on May 19, 20, 22 and 27, 1998, to inspect pipeline right-of-way conditions within Anchorage. As a result of the inspections, the Director, Western Region, OPS issued to Respondent, by letter dated June 23, 1998, a Notice of Probable Violation, Proposed Compliance Order (Notice) and Warning Letter. In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had violated 49 C.F.R. §§ 195.401(b), 195.404(a), 195.412(a), 195.416(b), 195.244(a), and 195.440, and proposed that Respondent take certain measures to correct the alleged violations. The Notice also warned Respondent to address other allegations listed in the Notice.

By letter dated July 22, 1998, Respondent acknowledged receipt of the Notice, and requested until August 21, 1998 to submit its response. The Western Regional Director granted Respondent an extension until September 30, 1998 in a letter dated August 18, 1998. Respondent submitted its response on August 19, 1998 (Response). Respondent did not contest the allegations cited in the Notice but submitted information on actions it had taken to address the allegations. Respondent did not request a hearing, and therefore waived its right to one.

**FINDINGS OF VIOLATION**

Item 1 in the Notice alleged that Respondent had violated 49 C.F.R. §195.401(b), which requires that an operator correct, within a reasonable time, any condition it discovers that could adversely affect the safe operation of the pipeline system. The Notice alleged that Respondent had two segments of exposed pipeline at Fish Creek crossing, which were close to a residential area and which Respondent had not addressed in over a year.

In its Response, Respondent did not contest this allegation. Respondent explained that it had a plan to reroute the stream, abandon several hundred feet of existing stream, fill the abandoned area to cover a section of exposed pipeline, encase the remaining exposed pipeline, and suspend the encased section above the stream. Accordingly, I find that Respondent violated § 195.401(b) because it had not addressed repair of the exposed segments within a reasonable time.

Item 3 alleged that Respondent violated 49 C.F.R. § 195.404 (a), because several as-built drawings were out of date and did not reflect major infrastructure changes that had occurred since 1977. The regulation requires an operator to maintain current maps and records of its pipeline system that include location and identification of rights-of-way and crossings of public roads, railroads, rivers, buried utilities, and foreign pipelines.

Respondent did not contest this allegation. Respondent maintained that it had updated its drawings and was contracting to have aerial photography done of the pipeline and to have the existing drawings digitized on this photographic data. Accordingly, I find that Respondent violated § 195.404(a) because it had not updated its as-built drawings to include the required information.

Item 6 alleged that Respondent had violated 49 C.F.R. §195.412(a), which requires an operator, at intervals not exceeding three weeks but at least 26 times each calendar year, to inspect the surface conditions on or adjacent to each pipeline right-of-way. The Notice alleged that Respondent was not patrolling the entire length of its pipeline on the Anchorage side of Cook Inlet.

Respondent wrote that it would fly the remote Kenai peninsula section of the pipeline and monitor the Anchorage section of the pipeline by air, in addition to the monitoring it conducts of the section by ground. Accordingly, I find that Respondent violated §195.412(a) because it had not conducted patrols of the entire pipeline right-of-way.

Item 7 alleged that Respondent violated §§ 195.416(b) and 195.244(a) for not having any test leads installed on a three-mile section of the pipeline between MLV 7 (Station 329+30) and the Mapco casing near the Port of Anchorage (Station 471+74), and, for at least five years, not having replaced a test lead at Station 429+17 that was recorded as destroyed. The Notice further alleged that this section passes through Anchorage and along environmentally sensitive areas. The regulations require an operator to install test leads at intervals frequent enough to obtain electrical measurements indicating the adequacy of the cathodic protection and to maintain the test leads required for cathodic protection so that electrical measurements can be obtained to ensure adequate protection.

In its Response, Respondent did not contest this allegation. Respondent explained that it had determined it was not necessary to replace the test lead at Station 429+17, and that it had installed an additional test lead at station 386+85 to provide additional monitoring of the cathodic protection in the cited section of pipeline. Accordingly, I find that Respondent violated §§ 195.244(a) and 195.416(b) for not having had an adequate number of test leads to ensure adequate cathodic protection in the section of pipeline from Station 329+30 to Station 471+74.

Item 9 alleged that Respondent had violated 49 C.F.R. § 195.440 because it did not have a public education program to educate property owners along and near its pipeline right-of-way, on how to recognize and report a pipeline emergency. The regulation requires an operator to establish a continuing educational program to enable the public to recognize a hazardous liquid pipeline emergency and to report it to the appropriate officials.

Respondent did not contest this allegation but advised that it would develop and implement a public education program by October 31, 1998. Accordingly, I find that Respondent violated § 195.440 because when it was inspected in 1998, it did not have the required public education program.

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 for items 1, 3, 6, 7 and 9 described in the section above for which I made findings of violation. Respondent has demonstrated corrective action addressing the items in the proposed compliance order. In its Response, Respondent wrote that to address these violations -

- it would reroute the stream, fill in an abandoned stream to cover an exposed pipeline segment, and encase the remaining exposed pipeline;
- update its drawings and have aerial photography performed of the pipeline;
- to conduct the right-of-way inspections, it would fly the remote section of the pipeline right-of-way, and monitor the Anchorage section of the pipeline by air and ground;
- install an additional test lead at Station 386+85 to provide additional monitoring of the cathodic protection; and
- develop and implement a public education program by October 31, 1988 and update records of property owners along the pipeline right-of-way.

The Western Region has confirmed that Respondent has completed the actions. Subsequent inspections have confirmed that Respondent has rectified the problems associated with the exposed pipe segments in Fish Creek, revised its as-built alignment sheets to accurately depict current aerial photography, is conducting biweekly inspections by ground and air of the Anchorage pipeline segment, has replaced the destroyed test station at 429+17 with 2 test stations, and is conducting its public education program. Respondent's actions have satisfied the proposed compliance terms, and therefore, no need exists to issue a compliance order.

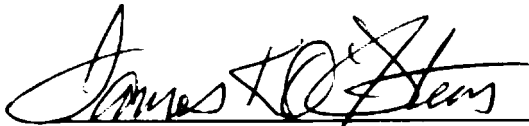
WARNING LETTER

The Notice did not propose a civil penalty or corrective action for Items 2, 4, 5, and 8 but warned Respondent that it should take appropriate corrective action to correct the items. Respondent presented information in its response showing that it has addressed the cited items. Respondent explained that it -

- had reviewed and updated the operational manual and would have an annual work order to ensure the annual review is performed;
- had installed additional signs along the pipeline;
- had reviewed its marker signs and added the emergency telephone number; and
- would monitor the bond current at the Mapco casing at Station 471+74 on the same schedule as its rectifier monitoring.

Respondent is again warned that if OPS finds a violation for any of these items in a subsequent inspection, enforcement action will be taken.

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



Stacey Gerard  
Associate Administrator  
for Pipeline Safety

OCT 30 2003

Date Issued