

DEPARTMENT OF TRANSPORTATION
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590

_____)	
In the Matter of)	
)	
Shell Alaska Resources Company,)	CPF NO. 58702
)	
Respondent.)	
_____)	

FINAL ORDER

On October 7 and 8, 1997, 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 "A" and "C" pipeline facilities, and inspected Respondent's operating and maintenance procedures and records related to the pipelines in Nikiski, Alaska. As a result of the inspection, the Director, Western Region, OPS, issued to Respondent, by letter dated January 21, 1998, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had violated 49 C.F.R. §§ 195.401(b), 195.402, 195.404(a), 195.404(b)(1), 195.404(c)(1), 195.404(c)(3), 195.416(i), 195.420(a), and 195.436, and proposed that Respondent take certain measures to correct the alleged violations.

Respondent responded to the Notice by letter dated September 14, 1998 (Response). Respondent did not contest the allegations of violation but provided information concerning the corrective actions it had taken. On September 30, 1998, a representative of the Western Region, OPS, conducted a follow-up inspection of Respondent's facilities, records, and Operations and Maintenance manuals, and determined that Respondent had complied with the provisions of the Proposed Compliance Order.

FINDINGS OF VIOLATION

Respondent did not contest the violations alleged 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:

1. 49 C.F.R. § 195.402 -- failing to have fifty-seven (57) specific items in its procedural manual(s) for operations, maintenance and emergencies as required by § 195.402(c), (d), (e), and (f);

2. 49 C.F.R. § 195.404(c) – failing to maintain complete records for the useful life of the pipe of repairs made to the pipeline along the shore of the Cook Inlet during the Summer of 1997;
3. 49 C.F.R. § 195.404(c)(3) - failing to maintain records for 2 years or until the next inspection is performed, whichever is longer, of the following inspections:
 - a) Inspection of each mainline valve to determine if it is functioning properly as required by §195.420(b);
 - b) Inspection of the pipe for evidence of external corrosion whenever it is exposed for any reason as required by §195.416(e);
 - c) Inspection of the surface conditions on or adjacent to each pipeline right-of-way at intervals not exceeding 3 weeks, but at least 26 times each calendar year, as required by §195.412(a)
4. 49 C.F.R. § 195.404(a) - failing to maintain current pipeline facility maps which contain the information required by §195.404(a);
5. 49 C.F.R. § 195.401(b) -failing to correct within a reasonable time, conditions at a location where two pipelines cross in a manner which could adversely affect the safe operation of the pipeline system;
6. 49 C.F.R. § 195.416(i) - failing to maintain a protective coating suitable for the prevention of atmospheric corrosion on a section of its pipeline exposed to the air;
7. 49 C.F.R. § 195.420(a) - failing to maintain a valve in good operating condition at all times.

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

WITHDRAWAL OF ALLEGATION

The Notice alleged two additional Probable Violations which were not listed above. Although respondent did not contest these alleged violations, I find them problematic and withdraw them for the following reasons:

1. Probable Violation 6 of the Notice alleges that Respondent violated 49 C.F.R. § 195.404(b)(1) by failing to correct within a reasonable time a condition along its pipeline which could adversely affect the safe operation of its pipeline system. I find this allegation to be problematic for two reasons:

- (a) The citation in the Notice is clearly a typographical error, as § 195.404(b)(1) sets forth a requirement that operators maintain daily operating records that indicate the discharge pressure at each pump station for a period of at least three years. The proper citation for failure to correct a condition is § 195.401(b).
- (b) The allegation in the notice inappropriately states that Respondent failed to take steps to correct a condition which could adversely affect the safe operation of its pipeline system. The facts indicate that Respondent used divers to inspect its pipeline and install cement filled bags under the pipeline for support, whenever Respondent's side scan sonar surveys indicated a need to take such action. The facts also indicate that Respondent did not have written criteria in its maintenance manual specifying when divers would be sent to inspect the pipeline and/or when cement bags would be used to support the pipeline. The facts do not suggest that the Respondent's practice of using side scan sonar, visual inspections by divers, or cement filled bags resulted in a failure to correct a condition. Instead, the emphasis of the allegation is on the lack of criteria in Respondent's maintenance manual. These facts do not support a finding that Respondent violated § 195.401(b) by failing to correct a condition within a reasonable period of time.
2. Probable Violation 9 of the Notice alleges that Respondent violated 49 C.F.R. § 195.436 by failing to protect an exposed 2-inch branch line from vandalism and unauthorized entry. However, the facts indicate that there is a concern about damage that might be caused by natural forces such as ice flows or floating debris due to the facility's shoreline location. The Notice does not suggest that any damage has occurred, or might occur, as a result of vandalism or unauthorized entry. Rather, the Notice alleges that a well placed, large piece of ice could damage the branch line, and that a very large log was observed laying across the pipe, apparently having been deposited there when the tide receded. These facts do not support a finding that Respondent failed to protect an exposed facility from vandalism or unauthorized entry in violation § 195.436.

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 enforcement action is anticipated with respect to the matters in this case.

Under 49 C.F.R. § 190.215, Respondent has a right to petition for reconsideration of this Final Order. This case will be closed 20 days after Respondent's receipt of this Final Order unless a petition for reconsideration is received which contains a brief statement of the issue(s). The terms and conditions of this Final Order are effective upon receipt.

Stacey Gerard
Associate Administrator
for Pipeline Safety

Date Issued