

LETTER OF CONCERN

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 14, 2000

Mr. Frank Clark
Vice President, Airline Services
Airport Group International
330 North Brand Boulevard, Suite 300
Glendale, California 91203-2308

CPF No. 520005001C

Dear Mr. Clark:

On May 16-19, 1999, a representative of the Western Region, Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code, conducted an onsite inspection of Airport Group International's (AGI) manuals, records, and facilities in Honolulu, Hawaii.

The pipelines are low stress hazardous liquid pipelines which came under OPS jurisdiction on July 12, 1994. They qualify as low stress pipelines due to their location inside Honolulu city limits per §195.1(b)(3). The pipelines were required to be in compliance with Subpart B of Title 49, Code of Federal Regulations, Part 195 (49 CFR 195) on October 10, 1994, and in compliance with Subpart F on July 12, 1994.

On June 10, 1998, AGI was issued a Notice of Probable Violation and Proposed Compliance Order (**CPF No. 58511**) relating to the issues in Items 1 through 10 listed below. In a response letter dated July 6, 1998, AGI stated "it is our intent to take appropriate steps described in the Proposed Compliance Order as soon as practicable." In addition, AGI included in the July 6 letter an "Action Plan" identifying dates when the non-compliances would be corrected. At the time of the May 16, 1999 inspection, some of the non-compliances had not been corrected within the time frame noted in the AGI "Action Plan". As a result, OPS expresses concern that the non-compliances have not been corrected within the time frame stated in AGI's July 6 letter.

As a result of the inspection, it appears the following issues identified in CPF No. 58511 have not yet been completed per AGI's "Action Plan":

1. §195.402 Procedural manual for operations, maintenance, and emergencies.

§195.402(a) General. Requires each operator to prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

AGI's procedures indicate the manual review required by 195.402(a) is to be completed "annually" instead of "once each calendar year, not exceeding 15 months, as required by §195.402(a). AGI's procedures need to address the minimum 15 month interval required by §195.402(a) for review of their Operation and Maintenance Manual procedures.

2. §195.402 Procedural manual for operations, maintenance, and emergencies.

§195.402 (a) requires each operator to prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies.

§195.402(e) Emergencies. Requires that the manual required by paragraph (a) of this section must include procedures for the following to provide safety when an emergency condition occurs:

- (9) Providing for a post accident review of employee activities to determine whether the procedures were effective in each emergency and taking corrective action where deficiencies are found.**

At the time of the inspection, AGI could not provide to the OPS representative procedures for providing for a post accident review of employee activities to determine whether the procedures were effective in each emergency and taking corrective action where deficiencies are found.

3. §195.402 Procedural manual for operations, maintenance, and emergencies.

§195.402 (a) requires each operator to prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies.

§195.402(c)(3) requires the manual required by paragraph (a) of this section to include procedures for the operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of Subpart F.

§195.406(b) Maximum operating pressure under Subpart F states: No operator may permit the pressure in a pipeline during surges or other variations from normal operations to exceed 110 percent of the operating pressure limit established under paragraph (a) of this section. Each operator must provide adequate controls and protective equipment to control the pressure within this limit.

At the time of the inspection, AGI could not provide to the OPS representative procedures outlining the application of appropriate controls and protective equipment for preventing the pipeline from being operated at a pressure that exceeds 110% of the maximum operating pressure established under §195.406(a), as required by §195.406(b).

4. §195.402 Procedural manual for operations, maintenance, and emergencies.

§195.402 (a) requires each operator to prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies.

§195.402(c)(3) requires the manual required by paragraph (a) of this section to include procedures for the Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of Subpart F.

§195.422(b) Pipeline repairs under Subpart F states: No operator may use any pipe, valve, or fitting, for replacement in repairing pipeline facilities, unless it is designed and constructed as required by this part.

The requirements for construction of pipeline systems are found in Subpart D - Construction of Part 195. The following items, addressing the welding and construction records requirements in Subpart D, are required to be included in

AGI's Operations and Maintenance manual prior to performing any repairs on a regulated pipeline as required by §195.422(b):

A) §195.214 Welding: General.

- (a) Welding must be performed by a qualified welder in accordance with welding procedures qualified to produce welds meeting the requirements of this subpart. The quality of the test welds used to qualify the procedure shall be determined by destructive testing.**
- (b) Each welding procedure must be recorded in detail, including the results of the qualifying tests. This record must be retained and followed whenever the procedure is used.**

B) §195.216 Welding: Miter joints.

A miter joint is not permitted (not including deflections up to 3° that are caused by misalignment).

C) §195.222 Welders: Qualification of welders.

Each welder must be qualified in accordance with Section 3 of API Standard 1104 or Section IX of the ASME Boiler and Pressure Vessel Code, except that a welder qualified under an earlier edition than listed in §195.3 may weld but may not requalify under that earlier edition.

D) §195.228 Welds and welding inspection: Standards of acceptability.

- (a) Each weld and welding must be inspected to insure compliance with the requirements of this subpart. Visual inspection must be supplemented by nondestructive testing.**
- (b) The acceptability of a weld is determined according to the standards in section 6 of API Standard 1104. However, if a girth weld is unacceptable under those standards for a reason other than crack, and if the Appendix to API Standard 1104 applies to the weld, the acceptability of the weld may be determined under that appendix.**

E) §195.230 Welds: Repair or removal of defects.

- (a) Each weld that is unacceptable under §195.228 must be removed or repaired. Except for welds on an offshore pipeline being installed from a pipelay vessel, a weld must be removed if it has a crack that is more than 8 percent of the weld length.**
- (b) Each weld that is repaired must have the defect removed down to sound metal and the segment to be repaired must be preheated if conditions exist which would adversely affect the quality of the weld repair. After repair, the segment of the weld that was repaired must be inspected to ensure its acceptability.**

- (c) **Repair of a crack, or of any defect in a previously repaired area must be in accordance with written weld repair procedures that have been qualified under §195.214. Repair procedures must provide that the minimum mechanical properties specified for the welding procedure used to make the original weld are met upon completion of the final weld repair.**
- F) §195.234 Welds: Nondestructive testing.**
- (a) **A weld may be nondestructively tested by any process that will clearly indicate any defects that may affect the integrity of the weld.**
 - (b) **Any nondestructive testing of welds must be performed-**
 - (1) **In accordance with a written set of procedures for nondestructive testing; and**
 - (2) **With personnel that have been trained in the established procedures and in the use of the equipment employed in the testing.**
 - (c) **Procedures for the proper interpretation of each weld inspection must be established to ensure the acceptability of the weld under §195.228.**
 - (d) **During construction, at least 10 percent of the girth welds made by each welder during each welding day must be nondestructively tested over the entire circumference of the weld.**
 - (e) **All girth welds installed each day in the following locations must be nondestructively tested over their entire circumference, except that when nondestructive testing is impracticable for a girth weld, it need not be tested if the number of girth welds for which testing is impracticable does not exceed 10 percent of the girth welds installed that day:**
 - (1) **At any onshore location where a loss of hazardous liquid could reasonably be expected to pollute any stream, river, lake, reservoir, or other body of water, and any offshore area;**
 - (2) **Within railroad or public road rights-of-way;**
 - (3) **At overhead road crossings and within tunnels;**
 - (4) **Within the limits of any incorporated subdivision of a State government; and,**
 - (5) **Within populated areas, including, but not limited to, residential subdivisions, shopping centers, schools, designated commercial areas, industrial facilities, public institutions, and places of public assembly.**
 - (f) **When installing used pipe, 100 percent of the old girth welds must be nondestructively tested.**
 - (g) **At pipeline tie-ins, including tie-ins of replacement sections, 100 percent of the girth welds must be nondestructively tested.**

G. §195.266 Construction records.

A complete record that shows the following must be maintained by the operator involved for the life of each pipeline facility:

- (a) The total number of girth welds and the number nondestructively tested, including the number rejected and the disposition of each rejected weld.**
- (b) The amount, location, and cover of each size of pipe installed.**
- (c) The location of each crossing of another pipeline.**
- (d) The location of each buried utility crossing.**
- (e) The location of each overhead crossing.**
- (f) The location of each valve and corrosion test station.**

At the time of the inspection, AGI could not provide to the OPS representative welding and construction procedures for repairs to the pipeline system meeting the requirements of §195.422(b).

5. §195.403 Training.

§195.403(c) requires each operator to require and verify that its supervisors maintain a thorough knowledge of that portion of the emergency response procedures established under §195.402 for which they are responsible to ensure compliance.

At the time of the inspection, AGI could not provide to the OPS representative records demonstrating supervisors maintain a thorough knowledge of the portion of the emergency response procedures established under §195.402 for which they are responsible to ensure compliance.

6. §195.404 Maps and Records.

§195.404(a) requires each operator to maintain current maps and records of its pipeline systems that include at least the following information:

- (1) Location and identification of the following pipeline facilities:**
 - (i) Breakout tanks;**
 - (ii) Pump stations;**
 - (iii) Scraper and sphere facilities;**
 - (iv) Pipeline valves;**
 - (v) Cathodically protected facilities;**
 - (vi) Facilities to which §195.402(c)(9) applies;**
 - (vii) Rights-of-way; and**
 - (viii) Safety devices to which §195.428 applies.**
- (2) All crossings of public roads, railroads, rivers, buried utilities, and foreign pipelines.**

AGI's Operations and Maintenance manual refers to "System maps" by referring to Tabs A through E (O&M manual, Page 3). However, these Tabs and maps were not included in the manual. System maps containing the information required by §195.404(a)(1) and (2) should be included in Tabs A through E of AGI's Operation and Maintenance manual or the reference in the Operation and Maintenance manual changed to reflect the location of the maps.

7. §195.416 External corrosion control.

§195.416(a) requires each operator to, at intervals not exceeding 15 months, but at least once each calendar year, conduct tests on each buried, in contact with the ground, or submerged pipeline facility in its pipeline system that is under cathodic protection to determine whether the protection is adequate.

At the time of the inspection, AGI did not have procedures for determining whether the cathodic protection is adequate, due to their procedures not stating a criteria for determining if the cathodic protection is adequate. The procedures state that a NACE certified corrosion engineer will evaluate the structure to soil, "on-off" potentials. AGI should refer to NACE RPO 169 or some other "criteria" to determine the adequacy of cathodic protection. AGI records indicate that a cathodic protection map called the "South Land Section", has a chainage interval (1,850 ft. to 2,000 ft.) that has cathodic protection "off" potentials less negative than -850 millivolts. This does not meet the requirements of §195.416(a). AGI records (Corrpro, Inc. document, Section 5, page 1 of 4; location AGI lot 2 & 3, HFFC 6" A Riser) indicate the "off" pipe-to-soil potential is more negative than the "on" potential. This condition is indicative of cathodic protection interference, which is harmful to the AGI pipeline. This condition does not meet the requirement of §195.416(a). Additionally, the cathodic protection monitoring procedures need to reflect the minimum inspection interval specified in the pipeline safety code of once each calendar year not to exceed 15 months.

8. §195.416 External corrosion control.

§195.416(c) requires each operator, at intervals not exceeding 2 ½ months, but at least six times each calendar year, to inspect each of its cathodic protection rectifiers.

At the time of the inspection, AGI could not provide to the OPS representative records to demonstrate that each of its cathodic protection rectifiers are inspected at intervals not exceeding 2 ½ months, but at least six times each calendar year, in accordance with §195.416.

9. §195.420 Valve maintenance.

§195.420(b) requires each operator, at intervals not exceeding 7 ½ months, but at least twice each calendar year, to inspect each mainline valve to determine that it is functioning properly.

At the time of the inspection, AGI could not provide to the OPS representative records to demonstrate that each mainline valve was inspected at intervals not exceeding 7 ½ months, but at least twice each calendar year, in accordance with 195.420.

10. §195.428 Overpressure safety devices.

§195.428(a) requires except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, to inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

At the time of the inspection, AGI could not provide to the OPS representative records demonstrating each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment is inspected and tested, at intervals not exceeding 15 months, but at least once each calendar year, in accordance with 195.428.

Additionally, the procedures for the inspection of overpressure safety devices should denote the minimum inspection interval of annually not to exceed 15 months between inspections.

It should be noted at the time of the May 16, 1999 inspection, the OPS representative observed that progress is being made to correct the above noted deficiencies. 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,

Chris Hoidal
Director

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