



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

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12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 27, 2008

Mr. Jim Johnson
Vice President
Alyeska Pipeline Company
P.O. Box 196606
Anchorage, AK 99519

CPF 5-2008-5001W

Dear Mr. Johnson:

On July 12, 2007, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Strategic Reconfiguration (SR) piping at Pump Station #3 on the North Slope of Alaska. PHMSA Alaska staff and our third-party consultant, Oak Ridge National Laboratories, conducted a review of x-ray film and procedures which concluded on October 31, 2007. While all welds were eventually determined to be acceptable, our review revealed several discrepancies in the original recordkeeping, weld procedures, and the standards of weld acceptability.

As a result of the inspections, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

1. **§195.202 Compliance with specifications or standards.**

Each pipeline system must be constructed in accordance with comprehensive written specification or standards that are consistent with the requirements of this part.

During 2006, Alyeska Pipeline Service Company constructed the SR piping at Pump Station #3. Alyeska's construction procedure W-3.7, Visual Welding Inspection, requires 100% visual inspection of 49 CFR 195 girth welds and associated documentation. Records of visual inspection of pump station girth welds were reviewed but, Alyeska could not find visual inspection records for nine welds. We did, however, find satisfactory Non-Destructive Testing (NDT) records for all welds.

2. §195.228 Welds and welding inspection: Standards of acceptability

(b)The acceptability of a weld is determined according to the standards in Section 9 of API 1104. However, if a girth weld is unacceptable under those standards for a reason other than a crack, and if Appendix A to API 1104 applies to the weld, the acceptability of the weld may be determined under that appendix.

PHMSA, in conjunction with non-destruction testing specialist from the Oak Ridge National Laboratory, examined the radiographs of Pump Station #3 welds for compliance with API 1104 Section 9. Four welds were identified that contained un-repaired defects that the NDT contractor failed to detect. Additionally, eleven radiographs were found to contain unacceptable film density or penetrameters. Finally, Alyeska initially failed to identify these radiographic deficiencies and defective welds. All of the inadequate films were eventually reshot, and all defects repaired.

3. §195.214 Welding procedures.

(a) Welding must be performed by a qualified welder in accordance with welding procedures qualified under Section 5 of API 1104 or Section IX of the ASME Boiler and Pressure Vessel Code.

PHMSA and experts from the Oak Ridge National Laboratories examined the welding procedures used to complete the welding at Pump Station #3. There were 24 deficiencies identified in these procedures. These deficiencies were brought to the attention of Alyeska's engineers.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the items identified in this letter. Failure to do so will result in Alyeska Pipeline Service Company being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2008-5001W**. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Sincerely,

A handwritten signature in cursive script, appearing to read "C. Hoidal".

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 B. Flanders (#118831)