



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

400 Seventh Street, S.W.
Washington, D.C. 20590

APR 25 2005

Mr. LeRoy Frank
Vice President of Operations
Norgasco, Inc.
4341 B Street, Suite 306
Anchorage, AK 99503

RE: CPF NO. 5-2000-0010

Dear Mr. Frank:

Enclosed is a copy of the Final Order dated November 3, 2004, which was issued to you by the Associate Administrator for Pipeline Safety. This Order was originally mailed to 3111 C Street, Suite 525, Anchorage, AK 99503 and returned "undeliverable." The previous address for your company was invalid. The enclosed Final Order is effective upon receipt. When the terms of the Compliance Order and Amendment of Procedures are completed, as determined by the Director, Western Region, this enforcement action will be closed. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5

Sincerely,

James Reynolds
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosure

CERTIFIED MAIL - RETURN RECEIPT REQUESTED



U.S. Department
of Transportation

**Research and
Special Programs
Administration**

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

NOV - 3 2004

Mr. LeRoy H. Frank
Vice President of Operations
Norgasco, Inc.
3111 C Street, Suite 525
Anchorage, AK 99503

Re: CPF No. 5-2000-0010

Dear Mr. Frank:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It makes findings of violation and specifies certain actions to be taken to comply with the pipeline safety regulations. The Final Order also makes a finding of inadequate procedures and requires amendment of certain of your operating and maintenance procedures. When the terms of the Compliance Order and Amendment of Procedures are completed, as determined by the Director, Western Region, this enforcement action will be closed. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

James Reynolds
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)
)
Norgasco, Inc.,)
)
Respondent.)
_____)

CPF No. 5-2000-0010

FINAL ORDER

On June 20-21, 2000, 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 facilities and records in Prudhoe Bay, Alaska. As a result of the inspection, the Director, Western Region, OPS, issued to Respondent, by letter dated October 7, 2000, a Notice of Probable Violation, Proposed Compliance Order, and Notice of Amendment (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had committed violations of 49 C.F.R. Part 192, and proposed that Respondent take certain measures to correct the alleged violations. The Notice also proposed, in accordance with 49 C.F.R. § 190.237, that Respondent amend its procedures for operations, maintenance and emergencies.

Respondent responded to the Notice by letter dated November 21, 2000 (Response). Respondent did not contest the allegations of violation, but provided information concerning the corrective actions it has initiated. Respondent did not request a hearing, and therefore has waived its right to one.

FINDINGS OF VIOLATION

In its Response, Respondent did not contest the alleged violations in the Notice. Accordingly, I find that Respondent violated the following sections of 49 C.F.R. Part 192, as more fully described in the Notice:

49 C.F.R. § 192.455 (Item 1) – failing to adequately conduct electrical surveys to determine whether and to what extent external corrosion was present on bare portions of the pipeline;

49 C.F.R. § 192.479 (Item 2) – failing to protect certain areas of aboveground portions of the pipeline from atmospheric corrosion;

49 C.F.R. § 192.723 (Item 4) – failing to conduct periodic leakage surveys as required with appropriate leak detection equipment.

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 the violations of §§ 192.455, 192.479, and 192.723 (Items 1, 2, and 4, respectively). With respect to Item 1, Respondent informed OPS that a close-interval survey was scheduled to be completed by August 2001. With respect to Item 2, Respondent informed OPS that cleaning and coating of above-ground pipe and components was scheduled to be completed by September 2001. With respect to Item 4, Respondent informed OPS that it had procured the use of a flame ionization meter and had conducted a leakage survey using this meter. Respondent provided documentation with its response showing that the actions required in Item 4 have been completed. The Regional Director has indicated that while Respondent has initiated actions to address Items 1 and 2, it has not yet provided documentation of their completion to the Regional Director.

Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations. Within 60 days following receipt of this Order, Respondent must:

1. With respect to the violation of § 192.455 (Item 1):
 - (A) Complete a pipe-to-soil close-interval survey using test spacing of no more than 20 feet;
 - (B) Investigate any areas having discontinuities along the potential profile to determine whether a corrosive condition is present;
 - (C) Cathodically protect all areas where corrosive conditions are discovered by the surveys and inspections.
2. With respect to the violation of § 192.479 (Item 2):
 - (A) Remove all corrosive residuals from around the pipe and components at the air-to-soil interface of all above-ground to below-ground transitions in the system;

(B) Apply a coating applicable to the location that extends below-ground, such that these transitions will be protected from seasonal exposure.

3. Submit documentation demonstrating that these actions have been completed to the Director, Western Region, Office of Pipeline Safety, 12600 Colfax Avenue, Suite A-250, Lakewood, CO 80215.

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

Failure to comply with this Order may result in the assessment of civil penalties of up to \$100,000 per violation per day, or in the referral of the case for judicial enforcement.

AMENDMENT OF PROCEDURES

The Notice alleged inadequacies in Respondent's procedures for operations, maintenance, and emergencies and proposed to require amendment of Respondent's procedures to comply with the requirements of 49 C.F.R. Part 192. Respondent did not contest the proposed Notice of Amendment. Although Respondent acknowledged the inadequacies and submitted amended procedures with its response, these amended procedures addressed some but not all of the inadequacies described in the Notice. Accordingly, I find that Respondent's procedures are inadequate to assure the 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 amendments to its procedures. Within 30 days following receipt of this Order, Respondent must:

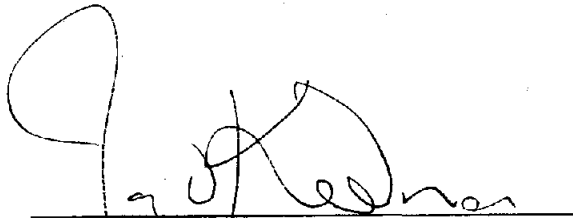
1. With regard to Item 3.a of the Notice, amend the procedures to explicitly provide that the interval for reviewing and updating the procedural manual shall be once each calendar year not to exceed 15 months;
2. With regard to Item 3.d of the Notice, amend the procedures to remove any reference to § 192.611 as a procedure for determining MAOP and instead include the appropriate step-by-step process for properly determining MAOP;
3. With regard to Item 3.e of the Notice, amend the procedures to include the appropriate step-by-step process for testing of relief valve capacity at intervals of once each calendar year not to exceed 15 months;
4. With regard to Item 3.f of the Notice, amend the procedures for corrosion monitoring to include the frequency of testing, the acceptance criteria, and the remedial actions to be taken if the testing criteria are not met;
5. With regard to Item 3.m of the Notice, amend the procedures for records retention such that all requirements of Part 192 for retaining records are fully addressed for both transmission and distribution lines;

6. With regard to Item 3.p of the Notice, amend the procedures for line repairs to include the welding procedure to be used for the permanent field repair of leaks;
7. With regard to Item 3.q of the Notice, amend the procedures to include non-destructive testing requirements;
8. Submit copies of the amended procedures to the Director, Western Region, OPS, within 30 days following receipt of this Order.

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

Failure to comply with this Amendment of Procedures may result in the assessment of civil penalties of up to \$100,000 per violation per day, or in the referral of the case for judicial enforcement.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a petition for reconsideration of this Final Order. The petition must be received within 20 days of Respondent's receipt of this Final Order and must contain a brief statement of the issue(s). The terms of the Order, including any required corrective action and amendment of procedures, remain in full effect unless the Associate Administrator, upon request, grants a stay. The terms and conditions of this Final Order are effective on receipt.



Stacey Gerard
Associate Administrator
for Pipeline Safety

NOV - 3 2004

Date Issued