

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

VIA ELECTRONIC MAIL TO MR. WARREN CHRISTIAN:

February 6, 2023

Mr. Warren Christian
President
Mid-Alaska Pipeline, LLC
615 Bidwell Ave., Suite 100
Fairbanks, AK 99701

CPF 5-2023-002-NOPV

Dear Mr. Christian:

From September 12 through September 16, 2022, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected your hazardous liquids pipeline system in North Pole and Fairbanks, Alaska.

As a result of the inspection, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

1. § 195.452 Pipeline integrity management in high consequence areas.

(a)

(h) *What actions must an operator take to address integrity issues? -*

(4) *Special requirements for scheduling remediation—*

(i) Immediate repair conditions. An operator's evaluation and remediation schedule must provide for immediate repair conditions. To maintain safety, an operator must temporarily reduce the operating pressure or shut down the pipeline until the operator completes the repair of these conditions. An operator must calculate the temporary reduction in operating pressure using the formulas referenced in paragraph (h)(4)(i)(B) of this section. If no suitable remaining strength calculation method can be identified, an operator must implement a minimum 20 percent or greater operating pressure reduction, based on actual operating pressure for two months prior to the date of inspection, until the anomaly is repaired. An operator must treat the following conditions as immediate repair conditions:

(C) A dent located on the top of the pipeline (above the 4 and 8 o'clock positions) that has any indication of metal loss, cracking or a stress riser.

Mid-Alaska Pipeline, LLC (Mid-Alaska) failed to reduce pipeline operating pressure or shut down the pipeline after identifying an immediate repair condition. Mid-Alaska's 14-inch crude oil pipeline system is located in a high consequence area and therefore subject to integrity management regulations including the specific requirements for scheduling remediation. Per operator records, an inline inspection of the 14-inch crude section of the Mid-Alaska Pipeline system was performed on May 19, 2022. A report of this inline inspection, dated June 22, 2022, was issued to Mid-Alaska and outlined a preliminary finding of a 1.00% depth dent with metal loss located at the 1:00 o'clock position. Records indicated that Mid-Alaska directly inspected and repaired the condition on June 25, 2022. Mid-Alaska pressure records and statements made by operator personnel during the inspection revealed that no operating pressure reduction occurred between the time of discovery of the immediate repair condition (June 22, 2022), and the time of repair (June 25, 2022).

2. § 195.579 What must I do to mitigate internal corrosion?

(a)

(c) Removing pipe. Whenever you remove pipe from a pipeline, you must inspect the internal surface of the pipe for evidence of corrosion. If you find internal corrosion requiring corrective action under § 195.585, you must investigate circumferentially and longitudinally beyond the removed pipe (by visual examination, indirect method, or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the removed pipe.

Mid-Alaska failed to inspect the internal surface of the exposed pipe for evidence of corrosion. The operator removed and subsequently replaced four valves at the North Pole Metering section of the pipeline in 2020. The valve removal created the opportunity to inspect the internal surface of the pipe adjacent to the valve locations for evidence of corrosion. The operator stated that the internal condition of the pipe was likely observed during the valve replacement work; however, the operator failed to record the inspection of the internal surface of the pipe for corrosion adjacent to the locations of the removed valves.

3. § 195.583 What must I do to monitor atmospheric corrosion control?

(a) You must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:

If the pipeline is located	Then the frequency of inspections is
Onshore:	At least once every 3 calendar years, but with intervals not exceeding 39 months.
Offshore:	At least once each calendar year, but with intervals not exceeding 15 months.

Mid-Alaska failed to inspect the PetroStar Metering Inc. Station (PSIMS) portion of their pipeline system for atmospheric corrosion at the required intervals. According to the operator's inspection worksheets, they inspected the PSIMS piping on September 7, 2022, but the operator was unable to find a record showing an inspection of the same section of pipe within the prior 39 months.

The operator presented a 2021 cathodic protection report that stated, "... the above-ground portions of the pipeline were visually examined for atmospheric corrosion." The report gave no additional information or results regarding the referenced atmospheric corrosion inspection at PSIMS. The report did include the results of visual inspection for atmospheric corrosion of pipe exposed to the atmosphere at other locations on the pipeline system.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$257,664 per violation per day the violation persists, up to a maximum of \$2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022 and before January 6, 2023, the maximum penalty may not exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,412 for a related series of violations. For violation occurring on or after May 3, 2021 and before March 21, 2022, the maximum penalty may not exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019 and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022.

We have reviewed the circumstances and supporting documentation involved for the above probable violations and recommend that you be preliminarily assessed a civil penalty of \$ 50,200 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$50,200

Warning Items

With respect to items 2 and 3, 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 promptly correct these items. Failure to do so may result in additional enforcement action.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement Proceedings*. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be 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).

Following the receipt of this Notice, you have 30 days to respond as described in the enclosed *Response Options*. If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from the receipt of this Notice. The Region Director may extend the period for responding upon a written request timely submitted demonstrating good cause for an extension.

In your correspondence on this matter, please refer to **CPF 5-2023-002-NOPV**, and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Dustin Hubbard
Director, Western Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Enforcement Proceedings*

cc: PHP-60 Compliance Registry
PHP-500 J. Gano (#22-239265)
Levi Frampton, Mid-Alaska Pipeline LLC. – DOT Primary Compliance, (by email)