

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 15, 2019

Mr. Scott Jepsen
President
Kuparuk Transportation Company
P.O. Box 100360
Anchorage, AK 99501

CPF 5-2019-5007W

Dear Mr. Jepsen:

From February 25 through March 1, 2019, and from March 11 through 15, 2019, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected your Kuparuk Oil Pipeline located on the North Slope of Alaska and related documents in Anchorage, 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. § 195.208 Welding of supports and braces.

Supports or braces may not be welded directly to pipe that will be operated at a pressure of more than 100 p.s.i. (689 kPa) gage.

Kuparuk Oil Pipeline, which operates above 100 psig, had supports welded directly to pipe. PHMSA representatives observed pipeline supports welded directly to the Kuparuk Oil Pipeline at Central Processing Facility 2, immediately upstream and downstream of valve ROV-AL-9288.

2. § 195.452 Pipeline integrity management in high consequence areas.

(a) ...

(k) ***What methods to measure program effectiveness must be used?*** An operator's program must include methods to measure whether the program is effective in assessing and evaluating the integrity of each pipeline segment and in protecting the high consequence areas. See Appendix C of this part for guidance on methods that can be used to evaluate a program's effectiveness.

The operator failed to perform, in a timely manner, periodic evaluations of the effectiveness of its integrity management program in assessing and evaluating the integrity of each pipeline segment and in protecting the high consequence areas. Specifically, when requested to provide documentation of periodic evaluations of the effectiveness of its integrity management program, the operator initially provided performance measures results for 2011, 2012, 2013, and 2014, and stated that effectiveness evaluations were not conducted for the time periods between 2015 and 2018. Subsequent to PHMSA's initial request, the operator performed evaluations of the effectiveness of its integrity management program for 2015, 2016, 2017, and 2018, and provided the results to PHMSA at the end of the inspection. As such, the operator failed to perform periodic evaluations of the effectiveness of its integrity management program for 2015, 2016, and 2017 in a timely manner.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$213,268 per violation per day the violation persists, up to a maximum of \$2,132,679 for a related series of violations. 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. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a 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 Kuparuk Transportation 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 5-2019-5007W**. 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,

Dustin B. Hubbard
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: Wes Olson, DOT Program Coordinator
PHP-60 Compliance Registry
PHP-500 T. Johnson/J. Gano (#162627, #162628)