U. S. DEPARTMENT OF TRANSPORTATION

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION (PHMSA)

SPECIAL PERMIT

Docket Number: PHMSA-2007-0038

Pipeline Operator: ConocoPhillips Alaska, Inc.

Date Requested: August 30, 2007

Code Section(s): 49 CFR § 195.583

Grant of Special Permit:

By this order, the Pipeline and Hazardous Materials Safety Administration (PHMSA) grants this special permit to ConocoPhillips Alaska, Inc. (CPAI). This special permit allows CPAI to continue to inspect areas "susceptible" to atmospheric corrosion for non-piggable, insulated, regulated pipelines operated by CPAI on the North Slope of Alaska. CPAI is not required to fully inspect insulated line pipe if while following the procedures they have established for the conduct of inspections for atmospheric corrosion an area is deemed not to be susceptible to the influx of moisture and; therefore, atmospheric corrosion.

The pipeline facilities that would be included in this special permit are as follows:

1. **Alpine Oil Pipeline – Operator Identification# 31552**
   - Commissioned 11/00
   - 34 miles of 14" elevated pipeline
   - Transports crude oil from CRU (Alpine) to Central Processing Facility 2(CPF 2)
2. **Alpine Diesel Pipeline – Operator Identification# 31970**
   - Commissioned 05/99
   - 34 miles of 2", low-stress, elevated pipeline
   - Transports products to CRU (Alpine) from CPF2
   - Only 1 mile at Colville River currently under DOT jurisdiction

3. **Kuparuk Pipeline – Operator Identification# 10346**
   - Commissioned 1984
   - 27 miles of 24" elevated pipeline
   - 5 miles of 18" elevated pipeline
   - 4 miles of 12" elevated pipeline
   - Transports CRU (Alpine), KRU (Kuparuk River Unit), Milne crude oil to TAPS, Pump Station 1
4. **Oliktok Pipeline – Operator Identification# 31341**
   - Commissioned 1981
   - 28 miles of 16" elevated pipeline
   - Transports NGL from GPB Skid50 to KRU
5. **Divert Tank "A" – Operator Identification# 10346**
   - Located on the east side of the CPF 2 pad, Divert Tank "A" (P1-T201A) is designated as a breakout tank to receive diverted oil from either Alpine or Central Processing Facility 2 (CPF 2), allowing oil flow from Kuparuk or Alpine to continue during periods of pipeline outage. This insulated, double-bottom tank has a nominal capacity of 50,000 barrels. Piping in and around the Divert Tank "A" that would be above ground pipe or below ground piping that is not piggable.

PHMSA grants this special permit based on the fact that CPAI has historical experience that shows no atmospheric corrosion under insulation except at areas where moisture can penetrate the insulation such as at weld packs and other areas where field applied coatings occur such as at valves and at bends in the pipe. These areas have been deemed by CPAI to be "susceptible" to atmospheric corrosion.

Conditions:

The grant of this special permit is subject to the following conditions:

1) CPAI must continue to inspect all areas deemed "susceptible" to atmospheric corrosion on a three year basis per their current procedures.

2) CPAI must continue to patrol all regulated, above ground, insulated pipelines per the requirements of § 195.412 (a), at a proximity that is close enough to identify any areas where the

insulation may have been compromised. All patrols must be recorded in detail and these records must be retained in a manner so they may not be altered.

3) If, during a patrol, CPAI identifies a new area that is susceptible to atmospheric corrosion, CPAI must add this area to their atmospheric corrosion inspection list and conduct an inspection of this specific area during the next inspection cycle.

4) CPAI must continue their plans to make all lines previously identified within their Integrity Management Program on the North Slope of Alaska piggable with intelligent in-line-inspection (ILI) devices by the end of 2010, and actually perform the assessment of these lines by May 2011.

5) Once the lines described in condition 3 above are made piggable and are appropriately assessed, CPAI must integrate the results of the ILI surveys with the historic information from their atmospheric corrosion monitoring program as required by § 195.452(g) in an attempt to identify any opportunities for enhancement of either inspection program.

6) If an opportunity for enhancement to the atmospheric corrosion inspection program or other inspection program is identified from the analysis performed as a result of condition 5, CPAI must implement the enhancement as required by § 195.452(f)(3) and (g).

Limitations:

PHMSA grants this special permit subject to the following limitations:

1) PHMSA has the sole authority to make all determinations on whether CPAI has complied with the specified conditions of this special permit.

2) Should CPAI fail to comply with any of the specified conditions of this special permit, PHMSA may revoke this special permit and require CPAI to comply with the regulatory requirements in 49 CFR § 195.583.

3) PHMSA may revoke, suspend or modify a special permit based on any finding listed in 49 CFR § 190.341(h)(1) and require CPAI to comply with the regulatory requirements in 49 CFR § 195.583.

4) Should PHMSA revoke, suspend or modify a special permit based on any finding listed in 49 CFR § 190.341(h)(1), PHMSA will notify CPAI in writing of the proposed action and provide CPAI an opportunity to show cause why the action should not be taken unless PHMSA determines

that taking such action is immediately necessary to avoid the risk of significant harm to persons, property or the environment (see 49 CFR § 190.341(h)(2)).

5) The terms and conditions of any corrective action order, compliance order or other order applicable to a pipeline facility covered by this special permit will take precedence over the terms of this special permit in accordance with 49 CFR § 190.341(h)(4).

AUTHORITY: 49 U.S.C. 60118(c) and 49 CFR § 1.53.

Issued in Washington, DC on MAR 09 2009.

Jeffrey D. Wiese,
Associate Administrator for Pipeline Safety