

SCOMM

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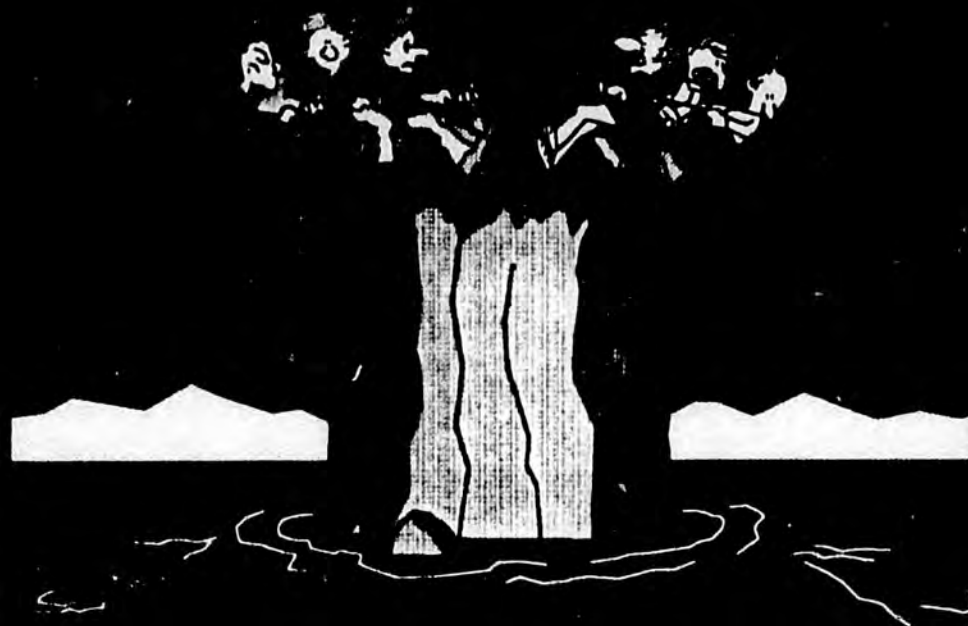
**OVERVIEW BRIEFING
OF JPO AUDIT FINDINGS
FOR THE STATE
OIL AND GAS
LEGISLATIVE COMMITTEE**

**FEBRUARY 14, 1994
JUNEAU, ALASKA**

STATE/FEDERAL PIPELINE OFFICE OBJECTIVES

- **ESTABLISH A JOINT STATE/FEDERAL OFFICE**
- **PROVIDE A ONE STOP SHOP FOR GOVERNMENT AUTHORIZATIONS FOR PIPELINES**
- **ASSURE BALANCED ENGINEERING REVIEWS, PERMITS, LEASE STIPULATIONS**
- **PROVIDE A MATRIX MANAGEMENT OFFICE ENVIRONMENT TO PROVIDE AGENCIES GREATER INPUT INTO DECISIONS**
- **REDUCE DUPLICATION OF EFFORTS AND ADDRESS ALL CONCERNS**
- **SUPPORT BRINGING NEW HYDROCARBONS ON LINE IF THIS CAN BE ACCOMPLISHED IN A MANNER THAT IS IN THE BEST INTEREST OF THE PEOPLE AND ENVIRONMENT OF ALASKA**

NORMAL OPERATIONS GOVERNMENT AGENCIES



JPO TEAMWORK

• STATE

- DNR
- DEC
- ADF&G
- DGC
- DOLabor

FEDERAL

- BLM
- DOT/OPS
- USFWS
- EPA



OTHER JPO AUDITS

- **WELD RECORD CHECK 1977**
- **WELDS ON ATIGUN REROUTE 1991**
- **CERTIFICATION OF CORROSION INSPECTORS 1991**
- **THORPE ALLEGATIONS 1991**
- **ANNUAL OIL SPILL CONTINGENCY PLAN**
- **OIL SPILL CONTINGENCY PLAN TRAINING 1992**
- **AIR QUALITY AT VALDEZ 1993**
- **ELECTRICAL LINE WIDE 1993**
- **VALDEZ MARINE TERMINAL GENERAL AUDIT 1993**

WHY DID JPO CONDUCT THE QTC AUDIT

- **TO INVESTIGATE ALLEGATIONS**
- **TO IDENTIFY PROBLEMS THAT ENDANGER
PUBLIC & WORKERS SAFETY, THE
ENVIRONMENT AND THE OVERALL
INTEGRITY OF TAPS**
- **ESTABLISH CORRECTIVE ACTIONS**
- **IMPLEMENT CHANGE**

WHAT IS QUALITY ASSURANCE

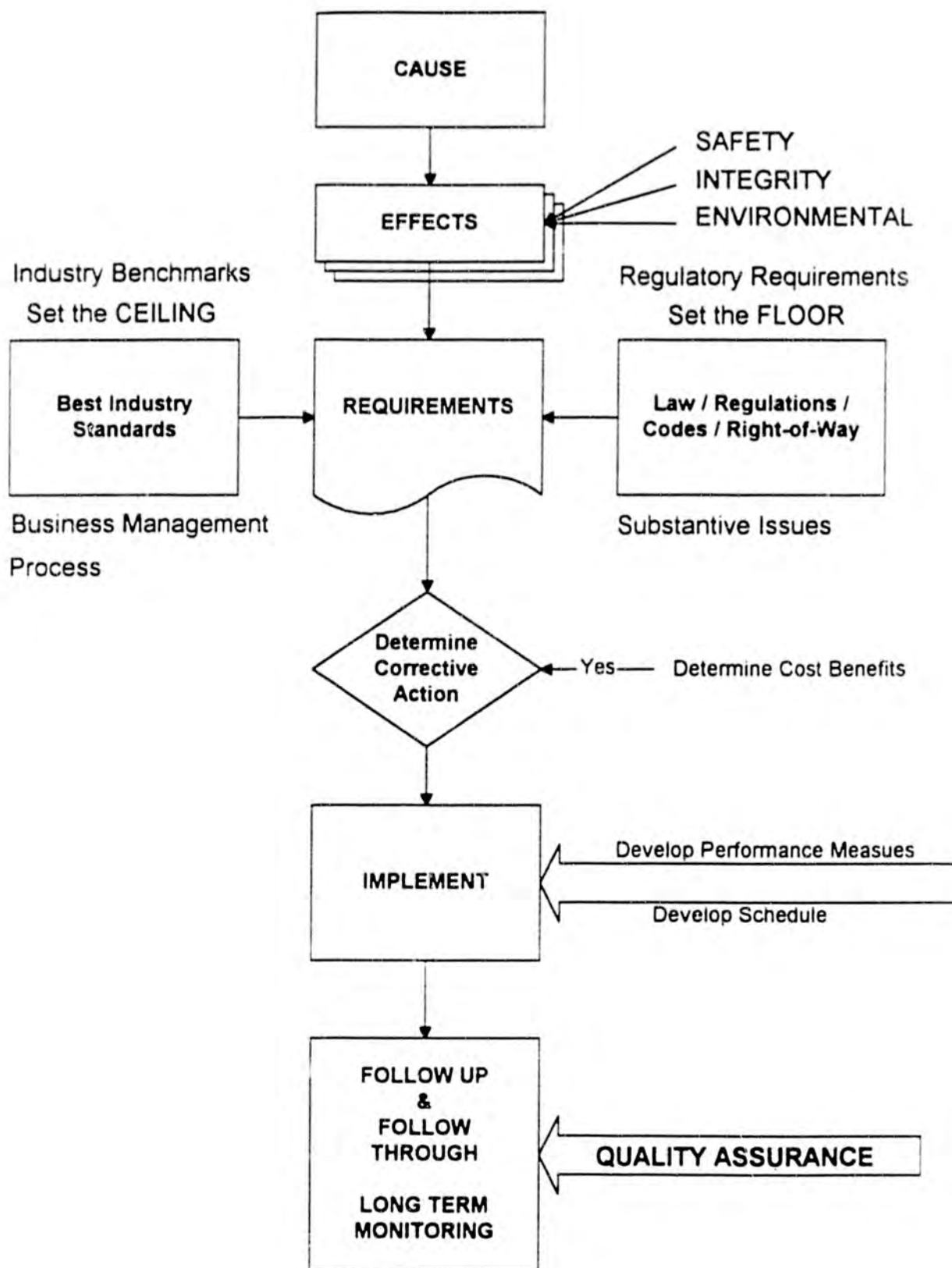
- **PLANNED AND SYSTEMATIC ACTIONS NECESSARY TO ASSURES THAT ALL ASPECTS OF THE CORPORATION MEET THE REQUIREMENTS AND STANDARDS FOR QUALITY RELATING TO**
 - **BUSINESS MANAGEMENT PRACTICES**
 - **ENGINEERING DESIGN**
 - **ENVIRONMENTAL COMPLIANCE**
 - **PUBLIC SAFETY**
 - **WORKER SAFETY**
 - **SYSTEM INTEGRITY**
 - **REGULATORY COMPLIANCE**
 - **PRODUCT PERFORMANCE**

JPO/QTC AUDIT FINDINGS BASIS

- **FIELD INSPECTION OF PS'S 1,6,10 AND VMT**
- **247 INTERVIEWS OF APSC EMPLOYEES**
- **STATE AND FEDERAL DOCUMENTS**
- **APSC DOCUMENTS**

JPO ACCOMPLISHMENTS SINCE JULY 1993

- **ADDITIONAL MONITORS HIRED**
- **MONITORING MOU BETWEEN DOI/STATE**
- **GREATER FIELD PRESENCE**
- **3 JPO AUDITS IN ADDITION TO THERO**
- **GEOLOGIC HAZARDS MONITORING**
- **CURVATURE PIG ASSESSMENT**
- **CONTINUED CONTRACT WITH CORTEST COLUMBUS FOR CORROSION ASSESSMENT**
- **6 OIL SPILL DRILLS**
- **5 SPILL RESPONSES**
- **INSTALLED CONFIDENTIAL "HOT LINE"**
- **TRACKING 2 NEW SAFETY INCIDENTS**
- **REACHED CONCEPTUAL AGREEMENT ON VAPOR RECOVERY SYSTEM FOR VMT**



CONCEPTUAL FINDINGS AND APPROACH TO DOI AUDIT OF APSC

JPO/QTC AUDIT FINDINGS

CLASS 1

- **BUSINESS MANAGEMENT PRACTICES(MINDSET)**
 - REACTION TO PROBLEMS INSTEAD OF PREDICTING THEM
 - LACK OF PREVENTION PHILOSOPHY
 - LACK OF CHANGING CORPORATE REGULATORY MATRIX
 - LACK OF SYSTEM CHANGE MANAGEMENT REVIEW
 - DYSFUNCTIONAL QUALITY ASSURANCE PROGRAM
- **SUBSTANTIVE PHYSICAL ISSUES**
 - ELECTRICAL SYSTEM INTEGRITY NOT TO PRESENT CODE
 - VERTICAL SUPPORT MEMBER DESIGN FREE SPACE NOT MAINTAINED

JPO/QTC AUDIT FINDINGS

CLASS 2

- **MONITORING GIRTH WELDS**
- **AS-BUILT DRAWING CONTROL**
- **QC NON-DESTRUCTIVE EXAM INSPECTIONS**
- **DYSFUNCTIONAL QUALITY CONTROL (INSPECTIONS) OF OPERATIONS & MAINTENANCE**
- **FIRE AND SAFETY CONTROL AT VMT**
- **EQUIPMENT CALIBRATION CONTROL**
- **EMISSION MONITORING**
- **LACK OF CENTRALIZED DOCUMENT CONTROL**

JPO/QTC AUDIT FINDINGS

CLASS 3

- **LACK OF ASSURED MANDATORY TRAINING**
- **DEFICIENT PREDICTIVE MAINTENANCE PROGRAM**
- **LACK OF APPROVED CONSUMABLE LIST**
- **UNAUTHORIZED MODIFICATIONS TO THE SYSTEM WITHOUT CONTROL**
- **LACK OF PROCUREMENT TRACKING PROCESS**
- **UNACCEPTABLE ACCURACY OF LEAK DETECTION SYSTEM**
- **LACK OF QUALITY ASSURANCE FOR PIG DATA**

PROCESS TO RESOLVE CONGRESSIONAL AUDIT ISSUES

[illegible]

JPO SHORT TERM ACTIVITIES AND SCHEDULE ... ACTIVITY / ACTION FLOW CHART

[illegible]