

May 25, 2016

Mr. Tony Lefebvre
President and Chief Operating Officer
Aircraft Service International Group, Inc.
201 S. Orange Avenue, Suite 1100-A
Orlando, Florida 32801

Re: CPF No. 5-2015-6002S

Dear Mr. Lefebvre:

Enclosed please find a Consent Order incorporating the terms of the Consent Agreement between Pipeline and Hazardous Materials Safety Administration (PHMSA) and Aircraft Services International Group (ASIG) which was executed on April 26, 2016. Service of the Consent Order and Consent Agreement by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Acting Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Chris Hoidal, Director, Western Region, Office of Pipeline Safety, PHMSA
Mr. Lawrence McMahon, Vice President, Fuel Consortiums, ASIG/LAX Fuel,
9900 LAXfuel Road, Los Angeles, California 90045

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

_____)
In the Matter of)

Aircraft Service International Group, Inc.,)

Respondent.)
_____)

CPF No. 5-2015-6002S

CONSENT ORDER

By letter dated June 22, 2015, the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety, issued a Notice of Proposed Safety Order (Notice) to Aircraft Service International Group, Inc. (ASIG), a subsidiary of BBA Aviation plc,¹ and which operates the Sand Island Tank Facility in Oahu, Hawaii (Tank Facility). The Tank Facility receives jet fuel in PHMSA-regulated breakout tanks prior to being transported by ASIG pipelines to the Honolulu International Airport.

In accordance with 49 C.F.R. § 190.239, the Notice alleged that conditions existed at the Tank Facility that posed an integrity risk to public safety, property, or the environment. The Notice also proposed that ASIG take certain corrective measures to remedy the alleged conditions and ensure that the public, property, and the environment were protected from the potential risk.

In response to the Notice, Respondent requested an informal consultation, whereupon the parties engaged in good-faith settlement discussions that resulted in the Consent Agreement attached to this Order and that settles all of the allegations in the Notice.

Accordingly, the foregoing Consent Agreement is hereby approved and incorporated by reference into this Order. The Respondent is hereby ordered to comply with the terms of the Consent Agreement, effective immediately.

Pursuant to 49 U.S.C. 60101, *et seq.*, failure to comply with this Consent Order may result in the assessment of civil penalties of up to \$200,000 per violation per day, or in the referral of the case for judicial enforcement.

¹ <http://www.bbaaviation.com/about-us/company-overview/company-structure.aspx> (last viewed May 22, 2016).

The terms and conditions of this Consent Order are effective upon service in accordance with 49 C.F.R. § 190.5.

Alan K. Mayberry
Acting Associate Administrator
for Pipeline Safety

Date Issued

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

In the Matter of)	
)	
Aircraft Services International Group,)	CPF No. 5-2015-6002S
)	
Respondent.)	

CONSENT AGREEMENT

On June 22, 2015, the Regional Director for the Western Region (the Region) of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS or the Agency), issued a Notice of Proposed Safety Order (Notice) to Aircraft Services International Group (ASIG), which operates the Sand Island Tank Facility in Oahu, Hawaii (Tank Facility), owned by the Hawaii Fueling Facilities Corporation (HFFC). The Notice alleged that conditions exist at the Tank Facility that might pose an integrity risk to public safety, property, or the environment. The Notice also proposed that ASIG take certain corrective measures to remedy the alleged conditions at the Tank Facility and ensure that the public, property, and the environment were protected from the potential risk.

ASIG responded to the Notice by timely submitting a written response, including a proposed work plan, and request for an informal consultation. An informal consultation was held on November 18, 2015.

During the informal consultation, the PHMSA and ASIG agreed that settlement of this proceeding will avoid further administrative proceedings or litigation of this Notice and that entry into this Consent Agreement is the most appropriate means of resolving issues raised in the Notice and in the public interest. Therefore, pursuant to 49 C.F.R. Part 190, without adjudication of any issue of fact or law, and upon consent and agreement of Respondent and the PHMSA (the Parties), the Parties agree as follows:

I. General Provisions

1. Respondent acknowledges that as the operator of the Tank Facility, Respondent and its tank facility system are subject to the jurisdiction of the Federal pipeline safety laws, 49 U.S.C. § 60101 *et seq.* and the regulations and administrative orders issued thereunder. For purposes of this Consent Agreement, Respondent acknowledges that it received proper notice of the PHMSA’s action in this proceeding and that the Notice states claims upon which relief may be granted pursuant to 49 U.S.C. § 60101 *et seq.* and the regulations and orders issued thereunder.

2. Respondent agrees, for purposes of this Consent Agreement, to address the integrity risks identified in the Notice by completing the actions specified in Part III of this agreement (Corrective Measures) and to abide by the terms of this Consent Agreement. This Consent Agreement does not constitute a finding of violation of any Federal law or regulation and may not be used in any civil or administrative proceeding of any kind as evidence or proof of any fact, fault or liability, or as evidence of the violation of any law, rule, regulation or requirement, except in a proceeding to enforce the provisions of this Consent Agreement.

3. After Respondent returns this signed agreement, the PHMSA's representative will present it to the Associate Administrator for Pipeline Safety recommending that the Associate Administrator adopt the terms of this agreement by issuing an administrative order (Consent Order) incorporating the terms of this Consent Agreement. The terms of this agreement constitute an offer of settlement until accepted by the Associate Administrator. Once accepted, the Associate Administrator will issue a Consent Order incorporating the terms of the agreement.

4. Respondent consents to the issuance of the Consent Order, and hereby waives any further procedural requirements with respect to its issuance. Respondent waives all the rights to contest the adequacy of notice, or the validity of the Consent Order, including all rights to administrative or judicial hearings or appeals, except as set forth herein.

5. This Consent Agreement shall apply to and be binding upon the PHMSA, and upon Respondent, its officers, directors and employees, and its successors, assigns, or other entities or persons otherwise bound by law. Respondent agrees to provide a copy of this Consent Agreement and any incorporated work plans and schedules to all of Respondent's officers, employees, and agents whose duties might reasonably include compliance with this Consent Agreement.

6. For all transfers of operating responsibility of the Tank Facility, Respondent shall provide a copy of this Consent Agreement to the prospective transferee at least 30 days prior to such transfer and simultaneously provide written notice of the prospective transfer to the PHMSA Region Director (Director) who issued the Notice.

7. This Consent Agreement constitutes the final, complete and exclusive agreement and understanding between the Parties with respect to the settlement embodied in this Consent Agreement, and resolves any claims that have been or could have been alleged regarding (1) the PHMSA investigation of the Tank Facility that was conducted on March 11, 2015, in connection with the January 21, 2015 leak at Tank 2 of the Tank Facility that resulted in an estimated 42,000 gallons of jet fuel seeping from Tank 2 and (2) a records review by PHMSA investigators concerning the integrity of the other 15 tanks at the Tank Facility, which are included in this Consent Agreement. The Parties acknowledge that there are no representations, agreements, or understandings relating to the settlement other than those expressly contained in this Consent Agreement, except that the terms of this Consent Agreement may be construed by reference to the Notice. CPF 5-2015-6002S will be closed once ASIG submits its Final Report to the Director.

8. Nothing in this Consent Agreement affects or relieves Respondent of its responsibility to comply with all applicable requirements of the Federal pipeline safety laws, 49

U.S.C. § 60101 *et seq.*, and the regulations and orders issued thereunder. Nothing in this Consent Agreement alters the PHMSA's right of access, entry, inspection, and information gathering or the PHMSA's authority to bring enforcement actions against Respondent pursuant to the Federal pipeline safety laws, the regulations and orders issued thereunder, or any other provision of Federal or State law.

9. This Consent Agreement does not waive or modify any Federal, State, or local laws or regulations that are applicable to Respondent's pipeline systems. This Consent Agreement is not a permit, or a modification of any permit, under any Federal, State, local laws or regulations. Respondent remains responsible for achieving and maintaining compliance with all applicable Federal, State, and local laws, regulations and permits.

10. This Consent Agreement does not create rights in, or grant any cause of action to, any third party not party to this Agreement. The U.S. Department of Transportation is not liable for any injuries or damages to persons or property arising from acts or omissions of Respondent or its officers, employees, or agents carrying out the work required by this Consent Agreement. Respondent agrees to hold harmless the U.S. Department of Transportation, its officers, employees, agents and representatives from any and all causes of action arising from any acts or omissions of Respondent or its contractors in carrying out any work required by this Consent Agreement.

I. Completed Corrective Measures

11. In response to the Safety-Related Condition described in the Notice, to date, ASIG has completed the following corrective measures:

- (A) ASIG has selected and the Director has approved an independent third party inspector, Engineering and Inspections Hawaii, Inc., to review the records and results of all API 651, 652, and 653 Inspections performed under this Consent Agreement.
- (B) ASIG has completed API 653 Out-of-Service Tank Inspections for Tanks 1 and 4. The results of those inspections were reviewed by Engineering and Inspections Hawaii, Inc. Repairs to those tanks were performed and they have been approved for continued service.
- (C) ASIG has completed API 653 Out-of-Service Tank Inspections for Tanks 2 and 7. The results of those inspections were reviewed by Engineering and Inspections Hawaii, Inc. These tanks require repair before they can be returned to service.

III. Corrective Measures

12. Upon issuance of the Consent Order, Respondent agrees to perform the additional Corrective Measures set forth below.

13. In regard to Tank Nos. 6, 11 and 12, in which a second liner, cathodic protection system and tank floor were installed in 2014, and Tank No. 13, in which the tank floor was

removed and a liner, cathodic protection system and tank floor were installed in 2013, ASIG must hire a third-party inspector to conduct an independent review of the extensive work done on these tanks to confirm compliance with API 651, 652, and 653. This must be completed by no later than March 31, 2017, contingent on the extent of repairs required on each of the tanks in item 14. If a tank is taken out of service for an inspection, PHMSA agrees that an extension will be granted to allow Respondent to delay inspection for the next tank to be inspected, until the preceding tank is back in service. The intent of this extension is to prevent more than one tank at a time being taken out of service.

14. ASIG must perform API 653 Out-of-Service Inspections on Tank Nos. 3, 5, 14, 15, 16, 17, 18, and 19, and hire a third-party inspector to conduct an independent review of the results of these inspections. ASIG must perform all repairs that are critical to the integrity of the tank and submit evidence to the Director that each repair was completed properly prior to placing each tank back into service. This must be completed by no later than March 31, 2017, contingent on the extent of repairs required on each of the tanks. If a tank is taken out of service for an inspection, PHMSA agrees that an extension will be granted to allow Respondent to delay inspection for the next tank to be inspected, until the preceding tank is back in service. The intent of this extension is to prevent more than one tank at a time being taken out of service.

15. Respondent must create and submit on a quarterly basis a Consent Order Documentation Report (CODR). The intent is for the CODR to summarize all activities and documentation associated with this Order. The CODR should identify any activities or documentation for the period reflected in previous report activities; so the status of any item in the Order is reflected in each report. When the Respondent has concluded all required items in this Order, it will submit a final CODR to the Director. This will allow the Director to complete a thorough review of all actions taken by the Respondent with regard to this Order prior to approving the closure of this Order.

16. The Director may grant an extension of time for compliance with any of the terms of the Order upon a written request, timely submitted, demonstrating good cause for an extension.

17. ASIG may appeal any decision of the Director to the Associate Administrator for Pipeline Safety. Decisions of the Associate Administrator are final.

IV. Review and Approval Process

18. With respect to any submission under Part III (Corrective Measures) of this Consent Agreement that requires the approval of the Region Director, the Director may: (a) approve, in whole or in part, the submission, (b) approve the submission on specified conditions; (c) disapprove, in whole or in part, the submission, or (d) any combination of the foregoing. If the Region Director approves, approves in part, or approves with conditions, Respondent will take all actions as approved by the Director, subject to Respondent's right to invoke the dispute resolution procedures in Section V with respect to any conditions the Director identifies. If the Director disapproves all or any portion of the submission, the Director will provide Respondent with a written notice of the deficiencies. Respondent will correct all deficiencies within the time specified

by the Director and resubmit it for approval, subject to the dispute resolution procedures in Section V.

V. Dispute Resolution

19. The Region Director and Respondent will informally attempt to resolve any disputes arising under this Consent Agreement. If Respondent and the Region Director are unable to informally resolve the dispute within 15 days of submittal of Respondent's invoking dispute resolution, Respondent may request in writing, within 10 days thereafter, a written determination resolving the dispute from the Associate Administrator for Pipeline Safety providing all information that Respondent believes is relevant to the dispute. If the request is submitted as provided herein, the Associate Administrator will issue a final determination in writing. The existence of a dispute and the PHMSA's consideration of matters placed in dispute will not excuse, toll, or suspend any term or timeframe for completion of any work to be performed under this agreement during the pendency of the dispute resolution process except as reasonably agreed by the Region Director or the Associate Administrator in writing.

VI. Enforcement

20. This Consent Agreement, as adopted by the Consent Order, is subject to all enforcement authorities available to the PHMSA under 49 U.S.C. § 60101 *et seq.* and 49 C.F.R. Part 190. All work plans and associated schedules set forth or referenced in Part III will be automatically incorporated into this Consent Agreement and are enforceable in the same manner.

VII. Recordkeeping and Information Disclosure

21. Unless otherwise required by this Consent Agreement, Respondent agrees to maintain the material records demonstrating compliance with all requirements of this Consent Agreement for a period of at least 5 years following completion of all work to be performed. For any reports, plans or other deliverables required to be submitted to the PHMSA pursuant to this Consent Agreement, Respondent may assert a claim of business confidentiality or other protections applicable to the release of information by the PHMSA, covering part or all of the information required to be submitted to the PHMSA pursuant to this agreement in accordance with C.F.R. Part 7. Respondent must mark the claim of confidentiality in writing on each page, and include a statement specifying the grounds for each claim of confidentiality. The PHMSA determines release of any information submitted pursuant to this Consent Agreement in accordance with 49 C.F.R. Part 7, the Freedom of Information Act, 5 U.S.C. § 552, DOT and/or the PHMSA policies, and other applicable regulations and Executive Orders.

VIII. Effective Date

22. The "Effective Date" as used herein is the date on which the Order is issued by the Associate Administrator incorporating the terms of this Agreement. Unless specified to the contrary, all deadlines for actions required by this Consent Agreement run from the Effective Date of this Order.

IX. Modification

23. The terms of this Consent Agreement may be modified by mutual agreement of the Parties. Such modifications must be in writing and signed by both parties.

X. Termination

24. This Consent Agreement terminates upon completion of all terms set forth in Part III (Corrective Measures) as determined by the Director, Western Region. Respondent may request written confirmation from the PHMSA when this Consent Agreement is terminated and the Director, Western Region will provide such confirmation. To the extent ongoing monitoring is required, PHMSA may terminate this Consent Agreement with respect to all other requirements with the exception of such monitoring. Nothing in this Consent Agreement prevents Respondent from completing any of the obligations earlier than the deadlines provided for in this Agreement.

XI. Ratification

25. The Parties' undersigned representatives certify that they are fully authorized to enter into the terms and conditions of this Consent Agreement and to execute and legally bind such party to this document.

26. The Parties hereby agree to all conditions and terms of this Consent Agreement.

For Respondent:

**Lawrence McMahon
Vice-President, Fuel Consortiums
Aircraft Services International Group (ASIG)**

Date

For PHMSA:

**Chris Hoidal
Director, Office of Pipeline Safety
PHMSA Western Region
U.S. Department of Transportation**

Date