

VIA UPS 2ND DAY AIR AND FAX TO: 1-713-296-2661

July 8, 2013

Mr. Clarence P. Cazalot, Jr.
President and CEO
Marathon Oil Company
5555 San Felipe Street
Houston, TX 77056-2723

**RE: CPF 5-2012-0022H – Corrective Action Order
Item 6 Plan Approval and Order Closure Letter**

Dear Mr. Cazalot:

On October 5, 2012, the Pipeline and Hazardous Materials Safety Administration's (PHMSA) Associate Administrator for Pipeline Safety issued a Corrective Action Order (CAO) in the above referenced case. It required Marathon Oil Company (MOC) to take certain corrective actions to protect the public, property, and the environment with respect to its 20-inch intrastate natural gas pipeline along Kalifornsky Beach Road near Kenai, Alaska. As a result of a sale of MOC assets, Hilcorp Alaska, LLC (Hilcorp) became the operator of the Affected Pipeline on February 1, 2013.

On June 17, 2013, I received Hilcorp's most recent response to CAO Item 6. Item 6 requires submittal of a plan, for my approval, that ensures the continued safe operation and integrity of the Affected Pipeline and to avoid future external force damage at the water crossing. My staff and I reviewed Hilcorp's submitted plan and I approve the plan.

Hilcorp's plan contains various preventive and mitigative measures to ensure safe operations during flooding conditions. One mitigative measure is the establishment of a bypass route around the Affected Pipeline. The bypass route ensures that Hilcorp can maintain a sufficient and reliable gas supply in the event that the Affected Pipeline must be shut-in. The bypass route is the alternative flow path approved by PHMSA on October 30, 2012 for use pursuant to CAO Item 7 and consists of a 16-inch diameter pipeline and associated piping. The bypass route may be required to temporarily replace a 49 CFR Part 192 transmission line and, as such, the bypass route must be and remain in full compliance with all applicable pipeline safety laws and regulations including those associated with a 49 CFR Part 192 transmission line.

With my above approval of Hilcorp's plan to address Item 6, I consider all corrective actions of the subject CAO to be completed. Therefore, I am closing the above referenced CAO. I thank Marathon Oil Company and Hilcorp Alaska, LLC for their assistance in bringing this effort to an acceptable conclusion.

Sincerely,

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-Alaska

Mr. John Barnes
Senior Vice President
Hilcorp Alaska, LLC
3800 Centerpoint Drive, Suite 100
Anchorage, AK 99503