



12-22-15 12:31 RCVD

Dec 10, 2015

Mr. Chris Hoidal

Director, Western Region

Pipeline and Hazardous Materials Safety Administration

Subject: Notice of Probable Violation

Proposed Compliance Order

CPF 5-2015-5024

Dear Mr. Hoidal,

The Notice of Probable Violation, dated December 2, 2015 stated that following the inspection of the Badami Sales Oil Pipeline, conducted by the Pipeline and Hazardous Materials Safety Administration (PHMSA) representative; probable violations of the Pipeline Safety Regulations were committed. Nutaaq Pipeline, LLC takes this matter seriously and would like to assure the Administration that both of the issues brought to light were immediately resolved following the inspection. Further, Savant Alaska would like to provide the Administration with the following information:

The first probable violation stated was the procedural manual for operations, maintenance and emergencies was not reviewed in the calendar year 2013. Upon internally investigation, it was found that this deficiency likely occurred during the transfer of the DOT program from BP to Savant Alaska, while the compliance task matrix was still being developed. This manual was subsequently reviewed on 12/02/2014 and 02/08/2015 as per guidelines in 195.402. The next scheduled review is scheduled on 02/28/2016. A fully functioning compliance task matrix,

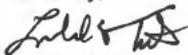
SAVANT ALASKA

which notifies personnel of upcoming deadlines has been established on the Savant App and will ensure that such problems do not occur in future.

The second probable violation stated that a 20-foot section of the Badami Oil Sales Pipeline that is buried on the Badami Central Production Facility Pad (Badami Pad) did not have the required Cathodic Protection. Following the inspection, during the months of June 2015 and July 2015, the soil around the pipeline was removed, a rubber boot was put on the casing and an enclosure was built for that section of the pipeline. That section of the pipeline is no longer in contact with the soil, therefore eliminating the need for Cathodic Protection required by 49 CFR 195.563. A copy of the Work Order detailing the efforts is presented to the Administration in the following attachment. Before-and-After pictures are also enclosed for your reference

Maintaining a close working relationship with PHMSA is a priority for our organization and we appreciate the concern regarding this matter. If you have any questions, please contact David Kumar, Production Manager for Savant Alaska at (907) 433-3822.

Sincerely,



Leland Tate
Chief Operating Officer
Miller Energy Resources

CC: Jeffrey Gilliam, PHMSA
Donald Johnson, PHMSA

Attachments

1. Work Order 2015-00922
2. Pictures Detailing our Efforts

2015-00922

Work Order Details

Parent WO:

Creator: Johnson Larry

Approver position: Maintenance Lead / Planner

Contact/Requestor: Clemens Bruce

Date and time from: 6/27/2015 12:00:00 AM

Date and time to: 9/30/2015 12:00:00 AM

Priority: 3. Regular

Asset: Badami

WO source: Regulatory

Description:

PLO-232-244 - Remove gravel from around pipe where it goes underground downstream of the pig launcher to the road crossing pipe casing

Functional area: Operations and Maintenance

Work order type: General Maintenance

Status: Closed

Comments:

TASKS

Task #	Position	Estimated hours	Date created	Date Closed	Title	Cost code	Equipment
01	Roustabout/Scaffold Builder	12.0	06/27/2015	07/05/2015	PLO-232-244 - Remove gravel from around pipe where it goes underground downstream of the pig launcher to the road crossing pipe casing - Roustabout	80-001-000-906-1	BADAMI SALES OIL PIPELINE
02	Equipment Operator	24.0	06/27/2015	07/05/2015	PLO-232-244 - Remove gravel from around pipe where it goes underground downstream of the pig launcher to the road crossing pipe casing. Add gravel over road crossing to bring 18" depth over the casing pipe.	80-001-000-906-1	BADAMI SALES OIL PIPELINE

03	DOT Pipeline Technical Authority	12.0	06/28/2015	07/05/2015	PLO-232-244 - Remove gravel from around pipe where it goes underground downstream of the pig launcher to the road crossing pipe casing - DOT Pipeline Technical Authority	80-001-000-906-1	BADAMI SALES OIL PIPELINE
Instructions: Assist in removing the gravel and document the event with the permit and a THA							

MATERIALS

Catalog Id	Description	QTY in whse	QTY needed	Date needed	Cost code	Comments

EQUIPMENT

Catalog Id	Tag Id	Name	Begin usage date	End usage date	Comments
	PLO-232-244	BADAMI SALES OIL PIPELINE			PLO-232-244 - Remove gravel from around pipe where it goes underground downstream of the pig launcher to the road crossing pipe casing

OTHER COSTS

Cost	Cost Code	Description

TIMESHEETS

Date	Task #	Description	Position	Employee	Total hours
06/28/2015	02	Assist w/super sucking gravel from around DOT pipe line going under the flare road	HSE Compliance Officer	Larsen Steven	3.00
06/28/2015	03	Hold short pre-job safety meeting Assist with gravel removal Scan documents and save in job folder	DOT Pipeline Technical Authority	Clemens Bruce	4.00
06/28/2015	02	Operate the Guzzler pulling gravel away from pipeline and build ramp over existing pipeline crossing.	Equipment Operator	Barnett Chester	4.00
06/28/2015	01	Ran Guzzler hose to remove gravel from around both oil and gas pipelines upstream of the flare road crossing. Helped Chet set the rig mats for the raised road crossing	Maintenance Lead / Planner	Johnson Larry	3.50
06/28/2015	03	Help with demo of old cable across the road during excavation on pipe line.	Journeyman Electrician	Kraft Robert	1.00
06/29/2015	02	Build approaches over rig mats on top of pipeline.	Equipment Operator	Barnett Chester	2.00
06/29/2015	03	Removed insulation wrap from the line to expose the pipe. Took pictures of the external corrosion	DOT Pipeline Technical Authority	Clemens Bruce	2.00
06/29/2015	01	Inspect the corrosion on the Sales Oil Pipeline where there was no coating. Bruce will arrange for the UT crew to come out and inspect the pipe.	Operations Superintendent	Sage Steve	1.00
06/30/2015	03	Make arrangements with Mistras to send over an inspector Remove insulation from the exposed pipe Assist with the removal of more gravel using the Super Sucker Bagged up the old insulation and put in dumpster	DOT Pipeline Technical Authority	Clemens Bruce	4.00
06/30/2015	01	Removed gravel around pipe where it goes underground down stream of pig launcher to the road crossing pipe casing using the guzzler. Prepping for UT inspection.	Roustabout/Scaffold Builder	Mondore Paul	1.50

06/30/2015	02	Remove gravel from around pipeline with the Guzzler.	Equipment Operator	Barnett Chester	1.50
07/03/2015	03	Review inspection report from MistrasGo over repair options with inspector and with Corrosion Tech	DOT Pipeline Technical Authority	Clemens Bruce	2.00

Attachment 2: Pictures

Gravel Removal Pictures





New Insulation



New Enclosure:

