

WARNING LETTER

VIA UPS GROUND – 1Z WR2 588 03 9262 2323

September 13, 2012

Mr. Dan Britton
President/CEO
Fairbanks Natural Gas
3408 International Way
Fairbanks, AK 99701

CPF 5-2012-0020W

Dear Mr. Britton:

On May 22, 2012, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Fairbanks Natural Gas Transmission Line located in Wasilla, Alaska.

As a result of the inspection, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The item inspected and the probable violation is:

- 1. §192.463 External Corrosion control: Cathodic Protection.**
 - (a) Each cathodic protection system required by this subpart must provide a level of cathodic protection that complies with one or more of the applicable criteria contained in appendix D of this part. If none of these criteria is applicable, the cathodic protection system must provide a level of cathodic protection at least equal to that provided by compliance with one or more of these criteria.**

During the inspection on May 22, 2012, PHMSA determined that the Fairbanks Natural Gas Transmission Line, which supplies gas from the Enstar Gas Transmission System to the Fairbanks Natural Gas LNG facility located on Ayshire Road, is not being adequately protected per 49 CFR Part 192 Appendix D. Records obtained by PHMSA during the inspection indicate that cathodic protection levels obtained in 2012 were not adequate. A report issued by Coffman Engineers (Anchorage, Alaska, see attachment 1) also confirmed

that protection levels were not adequate. The Coffman Engineering report determined that a replacement anode bed be installed to provide adequate cathodic protection levels on the Gas Transmission Line. Failure to bring cathodic protection levels in compliance with Appendix D will represent an ongoing regulatory violation.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item identified in this letter. Failure to do so will result in Fairbanks Natural Gas being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2012-0020W**, and send all documents to our office at 188 W. Northern Lights Blvd., Suite 520, Anchorage, AK 99503. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Sincerely,

Dennis Hinnah
Deputy Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 R. Guisinger (#138147)