

WARNING LETTER

VIA UPS GROUND: 1Z WR2 588 03 9099 0368

August 25, 2011

Mr. Richard Cathriner
Director of Operations
Norgasco, Inc.
4341 B Street
Suite 306
Anchorage, Alaska 99503

CPF 5-2011-1006W

Dear Mr. Cathriner:

On August 11, 2011, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Norgasco Inc.'s (Norgasco) Public Awareness Program in Anchorage, Alaska.

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

- 1. §192.616 Public Awareness**
 - (c) The operator must follow the general program recommendations, including baseline and supplemental requirements of API RP 1162, unless the operator provides justification in its program or procedural manual as to why compliance with all or certain provisions of the recommended practice is not practicable and not necessary for safety.**

Norgasco did not perform the following program effectiveness evaluations as identified in API RP 1162, Section 8.4.2 through 8.4.4 and 8.5:

- a) Evaluation of its program to determine the understanding of the stakeholders or justify why the evaluation was not conducted.

- b) Evaluation of its program to determine whether appropriate preventive behaviors have been understood and whether appropriate response and mitigative behaviors would occur or justify why the evaluation was not conducted.
- c) Evaluation of its program to measure the bottom line results or justify why the evaluation was not conducted.
- d) The operator did not identify or implement improvements based on assessments and findings.

Norgasco indicated that they will conduct an effectiveness evaluation base on API RP 1162 during the remainder of 2011.

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 items identified in this letter. Failure to do so will result in Norgasco, Inc. being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please send all documents to our office at 188 W. Northern Lights Blvd., Suite 520, Anchorage, AK 99503 and refer to **CPF 5-2011-1006W**. 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 B. Flanders (#135534)