

WARNING LETTER

VIA UPS 2ND DAY AIR: 1Z WR2 588 02 9896 8442

September 7, 2012

Mr. Ed Teng
Vice President – Engineering
Anchor Point Energy, LLC
1421 Blake Street
Denver, CO 80202

CPF 5-2012-0019W

Dear Mr. Teng:

On June 27, 2012, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your North Fork Pipeline in Anchor Point, 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 items inspected and the probable violation is:

- 1. §192.739 Pressure limiting and regulating stations: Inspection and testing.**
 - (a) Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests to determine that it is-**
 - (1) In good mechanical condition;**
 - (2) Adequate from the standpoint of capacity and reliability of operation for the service in which it is employed;**
 - (3) Except as provided in paragraph (b) of this section, set to control or relieve at the correct pressure consistent with the pressure limits of §192.201(a); and**
 - (4) Properly installed and protected from dirt, liquids, or other conditions that might prevent proper operation.**

The operator failed to inspect and test relief devices at intervals not exceeding 15 months. Review of the testing tags on PSV 0120 and PSV 0230 indicate that they were last tested on February 13, 2011. PSV 0120 and PSV 0230 are relief devices designed and installed to provide overpressure protection for the North Fork "A" and "B" pipelines, respectively. At the time of the inspection, it had been greater than 16 months since the PSVs were last tested. Therefore, Anchor Point Energy, LLC exceeded the maximum 15 month interval for inspecting and testing relief devices per the requirement of §192.739.

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 Anchor Point Energy, LLC 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 5-2012-0019W** 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 Johnson (#139946)