



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

December 23, 2015

Mr. Dan Britton
President and CEO
Fairbanks Natural Gas
3408 International Way
Fairbanks, Alaska 99701

CPF 5-2015-3001M

Dear Mr. Britton:

Between June 8, 2015 and September 11, 2015, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Fairbanks Natural Gas procedures for Operations and Maintenance (O&M), Reporting, and Security in Fairbanks, Alaska.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Fairbanks Natural Gas's plans or procedures, as described below:

1. **§191.3 Definitions.**

Incident means any of the following events: (1) An event that involves a release of gas from a pipeline, or of liquefied natural gas, liquefied petroleum gas, refrigerant gas, or gas from an LNG facility, and that results in one or more of the following consequences: (iii) Unintentional estimated gas loss of three million cubic feet or more.

Fairbanks Natural Gas (FNG) did not establish adequate written procedures for defining an "incident" as required by §191.3. At the time of the inspection, FNG's procedure for defining an "incident" did not include the requirement for reporting the gas loss of 3 million cubic feet or more as an incident. Meanwhile, §193.2011 requires an Operator to report an incident in

accordance with the requirements of Part 191. FNG's procedure was inadequate because its Reporting criteria for an "incident" did not clearly describe unintentional estimated gas loss of three million feet or more as required by §191.3(1)(iii).

2. §193.2605 Maintenance procedures.

(c) Each operator shall include in the manual required by paragraph (b) of this section instructions enabling personnel who perform operation and maintenance activities to recognize conditions that potentially may be safety-related conditions that are subject to the reporting requirements of § 191.23 of this subchapter.

FNG did not establish adequate written procedures for recognizing the safety-related conditions as required by §193.2605(c). At the time of the inspection, FNG's procedures were inadequate because FNG did not have instructions on how to recognize the safety-related conditions that are subject to the reporting requirements of §191.23.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. 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). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Fairbanks Natural Gas maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Chris Hoidal, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. In correspondence

concerning this matter, please refer to **CPF 5-2015-3001M** and, for each document you submit, please provide a copy in electronic format to PHP-WRADMIN@dot.gov whenever possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Ay Van Nguyen". The signature is fluid and cursive, with the first name "Ay" being the most prominent.

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

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*

cc: PHP-60 Compliance Registry
PHP-500 D. Hassell (#151249)