



FAIRBANKS NATURAL GAS, LLC

3408 International Way • Fairbanks, Alaska 99701 • (907) 452-7111 • FAX (907) 457-8111

10-25-16 12:43 RCVD

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration
12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

Sept 29, 2016

Attn. Mr. Hoidal

The Warning Letter, reference # CPF 5-2016-3004W, dated August 29, 2016, in response FNG would like to show changes to the Standard Operating procedures (SOP's), LNG Storage Site remediation / repairs and update records.

PHMSA Comment:

1. FNG failed to maintain a Fire Eye (flame detector) with a broken glass sight piece which would affect its ability to operate correctly, could fail to detect fire, and could cause a hazardous condition. Inspections in both April 2016 and June 2106 by PHMSA representatives revealed a Fire Eye (flame detector) with a broken glass sight piece. FNG was first notified of the Fire Eye (flame detector) deficiency in April 2016.

FNG Response:

FNG repaired the broken fire eye on 8-10-16, located in the off load area. The repair was completed by installation of a new fire eye lens cover.

See Attachment A work order and proof of repair picture for work completed.

PHMSA Comment:

2. FNG did not maintain proper cover under gates at both LNG sites. The openings under the enclosures (gates) are not otherwise secured by gates, doors, or covers. A person could easily breach the security of the enclosure by slipping under the gates resulting in a protective enclosure that does not prevent unauthorized access to the facility.

FNG Response:

FNG repaired the security clearance under the gates located at LNG storage site 1 & LNG storage site 2 on 8-23-16. The repair was completed by raising the entrance / exit finish grade to 4" below the bottom of the security gates. Raising the finishing grade will prevent an unauthorized access by allowing a person to slip under the gates.

See Attachment B work order and proof of repair picture for work completed.



PHMSA Comment:

3. FNG provided no repair records that showed repair, protection, or replacement as a result of corrosion inspections that identified deficiencies. No repair records were provided by the operator that showed repair or protection as a result of the deficiencies identified by a December 12, 2015 corrosion inspection. FNG's compliance officer stated that there were no other corrosion documents related to inspection, identification of components, or repairs prior to or after the December 12, 2015 inspection. Additionally, FNG's compliance officer confirmed that the corroded infrastructure identified by the December 12, 2015 inspection were not subsequently protected from corrosion. FNG's compliance officer also stated that FNG generally repairs corrosion coating deficiencies themselves, but keep no records of the repairs.

FNG Response:

FNG revised its policy & procedures on identifying corrosion deficiencies, corrosion repairs and documentation of records of each repair.

See Attachment C "SOP 7205 Corrosion Control" for changes to the operating Procedures.

PHMSA Comment:

4. FNG failed to demonstrate that monitoring for atmospheric corrosion was performed once every 3 years. No records provided by FNG demonstrated that monitoring for atmospheric corrosion was performed once every 3 years. FNG made available corrosion inspection records from December 12, 2015. FNG's compliance officer stated that there were no other corrosion documents related to inspection prior to or after the December 12, 2015 inspection.

FNG Response:

FNG revised its policy & procedures on monitoring for atmospheric corrosion. FNG has changed its policy and procedures to: "At least once every 3 years, or as often as necessary, the corrosion protection system will be examined by a person qualified in pipeline corrosion control methods (Corrosion Personnel) to determine whether the protection meets all design requirements.

All corrosion control shall be performed by a person Qualified to perform Corrosion inspections as certified by National Association of Corrosion Engineers (NACE).

See Attachment D "SOP 7205 Corrosion Control" for changes to the operating Procedures.



PHMSA Comment:

5. FNG did not provide records that show that prompt corrective or remedial action was taken when corrosion control deficiencies were found. A corrosion inspection of FNG's two LNG facilities was completed on December 12, 2015. Field inspection by PHMSA representatives revealed that tanks and pipelines show some evidence of coating via painting but age could not be determine, although the coating was not recent. No corrosion deficiencies from the December 12, 2015 inspection were corrected before the time of the PHMSA's June 2016 inspection.

FNG Response:

FNG revised its policy & procedures on maintenance records for atmospheric corrosion.

Maintenance Records

The data and results of all monitoring inspections and associated maintenance activities required in this SOP shall be recorded and maintained as part of the LNG storage facilities & distribution facilities maintenance records.

All visual inspections of any component subject to atmospheric or external corrosion shall be logged showing:

1. Date
2. Person(s) performing the inspection
3. Remarks as to the conditions observed

All records of inspection, test or survey shall be maintained for the life of the facility.

All records of maintenance activities shall be maintained for 5 years.

All corrosion maintenance records will be kept in a corrosion maintenance log record book that shall be located at each LNG storage site.

*NOTE: Corrosion identified in the 2015 inspection has been completed.

See Attachment E "SOP 7205 Corrosion Control" for changes to the operating Procedures.



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PHMSA Comment:

6. PHMSA representatives discovered that training records for one FNG supervisor were not maintained with the expected record requirements. No initial training records were provided for the aforementioned supervisor, who started working for FNG in 2012. FNG failed to show that personnel have satisfactorily completed the required initial training. Upon examination of the existing training records for covered tasks including first aid, fire and lock out – tag out training, FNG displayed records for the aforementioned FNG supervisor for fire training on 5/27/2014 and 06/01/2016. Lock out - tag out training on 5/19/2016, first aid training on 5/27/2014 but no other records were provided. FNG failed to provide records that personnel received refresher training every 2 years. FNG provided neither records that show personnel received the mandatory initial training nor evidence that FNG kept such records of implementation and completion or maintained the records for the required period of time.

FNG Response:

The FNG aforementioned supervisor's records were mis- placed at the time of the inspection. FNG has found the aforementioned supervisor initial training, first aid, fire and lock out – tag out mis placed training records.

Please see all the included items labeled as item 6 for completion of supervisor initial training, first aid, fire and lock out – tag out training, of documented records on file.

FNG appreciates the opportunity to take corrective action. If you have further questions or instructions on this matter, please call me at (907) 452-7111 or e-mail me at cgillespie@fngas.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Chris Gillespie', with a long horizontal flourish extending to the right.

Chris Gillespie