



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

JAN 14 2020

1200 New Jersey Ave., SE
Washington, DC 20590

Mr. Daniel W. Britton
President and Chief Executive Officer
Fairbanks Natural Gas, LLC
3408 International Way
Fairbanks, Alaska 99701

Re: CPF No. 5-2016-3005

Dear Mr. Britton:

Enclosed please find the Final Order issued in the above-referenced case. It makes a finding of violation and specifies actions that need to be taken to comply with the pipeline safety regulations. When the terms of the compliance order are completed, as determined by the Director, Western Region, this enforcement action will be closed. Service of the Final Order by certified mail is effective upon the date of mailing as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Administrator
for Pipeline Safety

Enclosure (Final Order and NOPV)

cc: Mr. Dustin Hubbard, Director, Western Region, Office of Pipeline Safety, PHMSA
Mr. Chris Gillespie, Operations Engineer, Fairbanks Natural Gas, LLC

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

In the Matter of)
)

Fairbanks Natural Gas, LLC,)

Respondent.)
)

CPF No. 5-2016-3005

FINAL ORDER

On September 16, 2016, pursuant to 49 C.F.R. § 190.207, the Director, Western Region, Office of Pipeline Safety (OPS), issued a Notice of Probable Violation and Proposed Compliance Order (Notice) to Fairbanks Natural Gas, LLC (Respondent). The Notice proposed finding that Respondent had violated the pipeline safety regulations in 49 C.F.R. Part 193 and proposed certain measures to correct the alleged violation. Respondent did not contest the allegation of violation or corrective measures.

Based upon a review of all the evidence, pursuant to § 190.213, I find Respondent violated the pipeline safety regulation listed below, as more fully described in the Notice, which is incorporated by reference:

49 C.F.R. § 193.2607(b) (**Item 1**) – Respondent failed to keep its LNG plant grounds free from rubbish, debris and other material which present a fire hazard.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 1 in the Notice for violation of 49 C.F.R. § 193.2607(b). Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:¹

¹ Note: On August 14, 2019, pursuant to 49 C.F.R. § 190.9, FNG filed a Petition for finding or approval (Petition) requesting permission to deviate from the requirements of § 193.2173. The approval of the Petition may supersede the requirements of this Order.

1. With respect to the violation of § 193.2607(b) (**Item 1**), Respondent must develop and implement a means to keep all LNG vaults and impoundments free of water, snow, and ice. FNG must document all details of any facility changes made because of this Order. FNG must revise its operations and maintenance procedures to record and document ice, snow, and water removal maintenance activities.

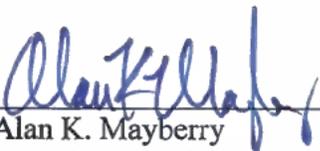
The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

It is requested (not mandated) that Respondent maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director. It is requested that these costs be reported in two categories: (1) total cost associated with preparation/revision of plans, procedures, studies and analyses; and (2) total cost associated with replacements, additions and other changes to pipeline infrastructure.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$200,000, as adjusted for inflation (49 C.F.R. § 190.223), for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

Under 49 C.F.R. § 190.243, Respondent may submit a Petition for Reconsideration of this Final Order to the Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address, no later than 20 days after receipt of service of this Final Order by Respondent. Any petition submitted must contain a statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. The terms of the order, including corrective action, remain in effect unless the Associate Administrator, upon request, grants a stay.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.



Alan K. Mayberry
Associate Administrator
for Pipeline Safety

JAN 14 2020

Date Issued



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

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

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 16, 2016

Mr. Daniel W. Britton
President/CEO
Fairbanks Natural Gas, LLC
3408 International Way
Fairbanks, Alaska 99701

CPF 5-2016-3005

Dear Mr. Britton:

On April 18-20 and June 6-10, 2016, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your LNG Facilities in Fairbanks, Alaska.

As a result of the inspection, it is alleged 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(s) are:

1. **§193.2607 Foreign material.
(b) LNG plant grounds must be free from rubbish, debris, and other material which present a fire hazard. Grass areas on the LNG plant grounds must be maintained in a manner that does not present a fire hazard.**

Fairbanks Natural Gas, LLC (FNG) failed to keep grounds free from rubbish, debris, and other material which present a fire hazard. Specifically, the Site 1 and 2 vaults and impoundments under the LNG tanks and associated piping contain water (liquid, snow and ice) creating fire and explosion hazards. LNG when mixed with water could result in a rapid phase transition and a physical explosion due to the methane (and ethane) vapor coupled with an ignition source. These hazardous conditions were found during inspections in both April 2016 and in June 2016 and captured in notes and photographs taken by PHMSA representatives during the inspections.

Proposed Compliance Order

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$205,638 per violation per day the violation persists up to a maximum of \$2,056,380 for a related series of violations. For violations occurring between January 4, 2012 to August 1, 2016, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with maximum penalty not exceeding \$1,000,000 for related series of violations. Also, for LNG facilities, an additional penalty of not more than \$75,123 for each violation may be imposed.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

With respect to item(s) 1 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Fairbanks Natural Gas, LLC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

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.

In your correspondence on this matter, please refer to **CPF 5-2016-3005** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



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

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

cc: PHP-60 Compliance Registry
PHP-500 J. Owens

Item 1: Activity 152965

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Fairbanks Natural Gas, LLC (FNG) a Compliance Order incorporating the following remedial requirements to ensure the compliance of FNG with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to FNG's failure to keep ice and water from the vaults and impoundments, FNG must develop and implement a means to keep all LNG vaults and impoundments free of water, snow, and ice. FNG must document all details of any facility changes made as a result of this proposed Compliance Order. FNG must also revise its operations and maintenance procedures to record and document ice, snow, and water removal maintenance activities.
2. FNG must provide documentation of the above changes to the Director, Western Region, within 90 days.
3. It is requested (not mandated) that Fairbanks Natural Gas, LLC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Chris Hoidal, Director, Western, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.