



10-20-16 11:21 RCVD

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

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

October 14, 2016

Attn. Mr. Hoidal

The Notice of probable Violation & Proposed Compliance Order Letter, reference # CPF 5-2016-3005, dated September 16, 2016, in response FNG would like to show changes to the Standard Operating procedures (SOP), LNG Storage Site maintenance / de-watering and update records.

PHMSA Comment:

1. FNG failed to keep the grounds free from rubbish, debris, and other material which presents 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 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 representative during the inspections.

FNG Response:

FNG revised its policy & procedures on identifying water with in the LNG pump pits and LNG impoundment areas.

See Attachment B "SOP 7001 Maintenance Activities - General" for changes to the operating Procedures.

See Attachment A work order and proof of de-watering for work completed.

**Maintenance Activities**

1. A daily inspection will be performed of LNG pump pits & LNG impoundment areas at the LNG storage site 1 & 2. A daily inspection will be performed for areas holding water. If & when water is found within the LNG pump pits and LNG impoundment areas, water is to be removed.

**Recordkeeping**

2. Records of the daily inspections will be documented. De-watering records shall be kept per individual occurrence.



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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](mailto:cgillespie@fngas.com).

Sincerely,

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

Chris Gillespie



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## Maintenance Log/Record

LOCATION	ITEM	OPERATOR ASSIGNED	COMPLETION DATE
SS2	LNG Pump Pit	Jeff Callison	9/27/2016
<b>WORK COMPLETED</b>			
Dewatered LNG pump pit.			
<b>COMPLETION NOTES</b>			
Removed 35 gallons of H2O from bottom of LNG pump pit.			
	Print	Sign	
Operator:	<i>Jeff Callison</i>	<i>Jeff Callison</i>	

REV 1 6/16/16 B.W.

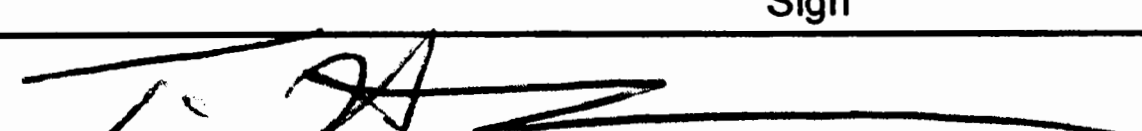
"ATTACHMENT A"



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## Maintenance Log/Record

LOCATION	ITEM	OPERATOR ASSIGNED	COMPLETION DATE
SS2	LNG Pump Pit	Tim Hansen	9/28/2016
<b>WORK COMPLETED</b>			
Dewatered LNG pump pit.			
<b>COMPLETION NOTES</b>			
Removed 10 gallons of H2O from bottom of LNG pump pit.			
Operator:	Print <i>Tim Hansen</i>	Sign 	

REV 1 6/16/16 B.W.

“ ATTACHMENT A ”



# Standard Operating Procedures Manual

## Title: Maintenance Activities - General

S.O.P. No.: 7001

Revision No.: 005

Effective Date: 1/7/05

Page 1 of 3

### Purpose

These procedures set forth the activities comprising a systematic program for maintaining equipment and components at the LNG Storage Facilities. It is intended to provide descriptions, cursory instructions and appropriate checklists for performing the inspections and tests recognized as necessary for maintaining the LNG Storage Facilities in a state of readiness consistent with the operational requirements for the Company.

### Maintenance Activities

1. All general safety procedures will be followed at all times
2. Operators will follow written maintenance procedures, SOP 1005 "Reporting" and will be able to recognize and report any unsafe conditions
3. Whenever maintenance of any kind is being performed on operable equipment, control valves or any other component that could accidentally release stored energy, the involved component shall be shut off and an appropriate lockout/tagout device shall be attached in accordance with approved tagout procedures.
4. If a safety device is taken out of service for maintenance, the component being served by the device must be taken out of service unless the same safety function is provided by an alternate means.
5. Unless otherwise instructed by the President or his designate, all maintenance activities shall be performed in accordance with the manufacturers' written procedures. The Operator will confirm with the manufacturer that the written instructions are current.
6. Whenever special maintenance activities are to be performed which could present a hazard to maintenance personnel performing such activities or to the facility involved, a Job Hazard Analysis and Hotwork Permit will be made and its finding approved by the on-site supervisor.
7. A daily inspection will be performed of LNG pump pits & LNG impoundment areas at the LNG storage site 1 & 2. A daily inspection will be performed for areas holding water. If & when water is found within the LNG pump pits and LNG impoundment areas, water is to be removed.
8. All monthly inspections, maintenance and testing required per PHMSA 193 will be performed at the storage sites.

“  
ATTACHMENT B”  
“



# Standard Operating Procedures Manual

**Title: Maintenance Activities - General**

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**Recordkeeping**

1. The Operator will follow the schedule of all required monthly, annual and other maintenance activities.
2. Additional maintenance and inspection schedules will be detailed in separate SOPs, as necessary.
- 3. Records of the daily inspections will be documented. De-watering records shall be kept per individual occurrence.
4. The operator must record the details of the inspections or tests performed on all storage site components or other actions necessary to maintain the LNG storage site in desired operation.
5. The Operations Engineer shall retain a record of special maintenance activities. Such records shall be retained for five years.
6. Unusual conditions or circumstances necessitating unscheduled maintenance activities shall also be recorded.
7. Corrosion maintenance and inspection schedules are detailed in SOP 7205 Corrosion Control.

**Training**

1. Upon initial hire, LNG storage site personnel will be trained on:
  - A. Characteristics and hazards of LNG
  - B. Emergency procedures that could potentially occur during operating and maintenance activities
  - C. First-aid
  - D. All maintenance procedures
2. Refresher training will be provided for all LNG storage site operators every 2 years.

"ATTACHMENT B"



# Standard Operating Procedures Manual

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3. Employees given construction, installation and testing duties will be examined to determine if they are performing their assigned duties satisfactorily. Examinations will occur at least once every two years.
4. Records of training will be retained for duration of the personnel's employment plus a minimum of one year.

"ATTACH MENT B"