

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 14, 2016

Mr. Daniel W. Britton
President / CEO
Titan Alaska, LNG
3408 International Street
Fairbanks, AK 99701

CPF 5-2016-3006W

Dear Mr. Britton:

On August 8-12, 2016 a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Titan Alaska LNG's (Titan) records, procedures and visually inspected the LNG facility near Point MacKenzie, Alaska.

As a result of the inspection, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

- 1. §193.2621 Testing transfer hoses.**
Hoses used in LNG or flammable refrigerant transfer systems must be:
 - (a) Tested once each calendar year, but with intervals not exceeding 15 months, to the maximum pump pressure or relief valve setting; and**
 - (b) Visually inspected for damage or defects before each use.**

At the time of the inspection, it was found that a removable LNG transfer hose located at the loading area of the Titan LNG facility was not part of the annual pressure test of hoses located at the facility. LNG transfer hoses are required by §193.2621 to be tested once each calendar year, but with intervals not exceeding 15 months.

2. **§193.2801 Fire protection.**
Each operator must provide and maintain fire protection at LNG plants according to sections 9.1 through 9.7 and section 9.9 of NFPA-59A-2001 (incorporated by reference, see §193.2013).

Titan LNG added a building housing a hot water boiler system, used for facility heat. This new building was equipped with a new plant fire extinguisher. Fire extinguishers are required by §193.2801 to be annual inspected; however, this specific fire extinguisher was not on the plant fire extinguisher list for annual inspections.

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 and 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. Also, for LNG facilities, an additional penalty of not more than \$50,000 for each violation may be imposed. 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 items identified in this letter. Failure to do so will result in Titan Alaska, LNG 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 5-2016-3006W**. 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,

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

cc: PHP-60 Compliance Registry
PHP-500 R. Guisinger (#153542)