

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 17, 2016

Mr. Greg Lalicker
President
Hilcorp Alaska, LLC
1201 Louisiana Street, Ste. 1400
Houston, Texas 77002

CPF 5-2016-7002M

Dear Mr. Lalicker:

Between July 20 and November 6, 2015, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Hilcorp Alaska, LLC's (Hilcorp's) procedures for Liquid Operations and Maintenance Manual in Anchorage, Alaska. The manual was reviewed as part of our inspection of the North Star Sales Oil Pipeline in Prudhoe Bay, Alaska.

On the basis of the inspection, PHMSA identified an apparent inadequacy in Hilcorp's procedures, as described below:

1. **§195.561 When must I inspect pipe coating used for external corrosion control?**
 - (a) **You must inspect all external pipe coating required by § 195.557 just prior to lowering the pipe into the ditch or submerging the pipe.**

For pipeline coating repairs less than 20 feet in length, Hilcorp procedure P-195.561 *External Corrosion*, dated July 2015, does not provide procedures for adequate coating inspection. For coating repairs less than 20 feet in length, the procedure requires visual inspection and does not require inspection with an "electronic" holiday detector to accurately assess the condition of the coating and its ability to control external corrosion. The inspection process must be accurate enough to allow you to repair any coating damage discovered per §195.561(b).

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 45 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 Hilcorp 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 5-2016-7002M** 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

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

cc: PHP-60 Compliance Registry
PHP-500 Johnson (#150294)

Mr. Richard Novcaski, Vice President and Alaska Operations Manager for Harvest Alaska, LLC