



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

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

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 30, 2017

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

CPF 5-2017-0015W

Dear Mr. Britton:

On March 13 through 15, 2017 representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Titan Alaska LNG (Titan) system facilities located in Wasilla, 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 (CFR). The items inspected and the probable violations are:

1. **§192.479(a) Atmospheric corrosion control: General.**
 - (a) **Each operator must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.**
 - (b) **Coating material must be suitable for the prevention of atmospheric corrosion.**

Coatings have degraded between the ground soil interface and the upstream shutoff valve flange. Maintenance painting was completed but found to be inadequate. Additionally, 2015 recommendations by operator's corrosion consultant, Coffman Engineers which addressed the

need for pipe supports to be isolated from the piping to prevent steel on steel contact were made but never implemented.

2. §192.745 Valve maintenance: Transmission lines.

(a) Each transmission line valve that might be required during any emergency must be inspected and partially operated at intervals not exceeding 15 months, but at least once each calendar year.

At the time of the inspection, annual records produced by Titan personnel lacked sufficient detail about the inspection processes/tasks and whether the valves were partially operated as required by 192.745. In the absence of an established procedure for the maintenance of transmission line valves it becomes difficult to determine whether the records are adequately capturing all the required inspection and maintenance tasks. Examples of properly recorded tasks could include checking the torque of bolts on flanged fittings, stroking of the valve, lubricating the valve, or inspecting the valve for corrosion, damage, and leaks as defined by 49 CFR 192.745.

3. §192.807 Record keeping.

Each operator shall maintain records that demonstrate compliance with this subpart.

(a) Qualification records shall include:

(1) Identification of qualified individual(s);

(2) Identification of the covered tasks the individual is qualified to perform;

(3) Date(s) of current qualification; and

(4) Qualification method(s).

(b) Records supporting an individual's current qualification shall be maintained while the individual is performing the covered task. Records of prior qualification and records of individuals no longer performing covered tasks shall be retained for a period of five years.

At the time of the inspection, the tasks of valve maintenance and coating applications were not part of the operator's OQ program. Titan's onsite employees had been conducting valve inspection and maintenance tasks and painting tasks in the absence of Operator Qualification standards according 192.807(a). Said covered tasks are defined by 49 CFR 192.801(b).

As of April 27, 2017, under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists up to a maximum of \$2,090,022 for a related series of violations. 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 5-2017-0015W**. 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,

A handwritten signature in black ink, appearing to read 'Kim West', written over a horizontal line.

Kim West
Acting Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 M. Chard (#155026)