

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

VIA FED EX – TRACKING NO. 7702 4610 6015

September 13, 2017

Mr. Ryan Lance
Chairman and Chief Executive Officer
ConocoPhillips
600 North Dairy Ashford Road
P.O. Box 2197
Houston, Texas 77252-2197

CPF 5-2017-0017

Dear Mr. Lance:

On February 17 through 26, 2015 and March 16 through 18, 2015, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Oliktok Gas Pipeline (OPL) facilities, records, and procedures in Anchorage, Prudhoe Bay, and Kuparuk, Alaska.¹

As a result of the inspection, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violation is:

¹ The OPL is an intrastate natural gas transmission pipeline located on the North Slope of Alaska between Deadhorse and Kuparuk, supplying natural gas to the Kuparuk Oil Field. The pipeline system is operated by the Oliktok Pipeline Company, a wholly owned subsidiary of ConocoPhillips.

1. **§192.195 Protection against accidental overpressuring.**
 - (a) **General requirements. Except as provided in §192.197, each pipeline that is connected to a gas source so that the maximum allowable operating pressure could be exceeded as the result of pressure control failure or of some other type of failure, must have pressure relieving or pressure limiting devices that meet the requirements of §§192.199 and 192.201.**

Oliktok Pipeline Company, a wholly owned subsidiary of ConocoPhillips, uses an ROV 9000, a remotely operated valve at the upstream end of the OPL, as a pressure limiting device. The valve is controlled from the Oliktok Control Room. During normal operations, the valve is designed to “fail in place”, that is, fail in its last position. In the event of a power loss to the valve’s actuator, the valve will stay in the position it was in at the time of the power failure; open, partially open, or closed. If the OPL is accepting product during a power outage to the valve’s actuator, the valve “fails in place” and becomes unable and incapable of responding to an overpressure situation.

Proposed Compliance Order

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 propose a civil penalty assessment at this time.

With respect to item 1, pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Oliktok Pipeline Company. 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).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 190.211. 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 you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 5-2017-0017** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Kim West
Acting 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 H. Marlowe (#148605)
Mr. Joe Marushack, President, ConocoPhillips Alaska

PROPOSED COMPLIANCE ORDER

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

1. In regard to Item Number 1 of the Notice pertaining to the design of pressure relief and pressure limiting devices, Oliktok must modify the existing ROV 9000 valve or implement additional pipeline pressure relief and limiting devices that meet the design requirements of Section 192.195(a). The pressure relief and or pressure limiting device(s) must operate to protect the Oliktok pipeline from unsafe operating pressures.
2. Oliktok must complete this item within 90 days after receipt of the Final Order.
3. It is requested (not mandated) that Oliktok Pipeline Company maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Kim West, Acting Director, Western Region, 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.