

WARNING LETTER

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

December 1, 2017

Mr. Greg Lalicker
President
Hilcorp Alaska, LLC
1111 Travis Street
Houston, Texas 77002

CPF 5-2017-2002W

Dear Mr. Lalicker:

On July 19, 2017, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected the Hilcorp Alaska, LLC (Hilcorp) Tyonek Gas Transmission Pipeline, located at the pig receiving facility at the Conoco Phillips LNG plant near Nikiski, Alaska.

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

1. **§192.479 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.**
 - (c) **Except portions of pipelines in offshore splash zones or soil-to-air interfaces, the operator need not protect from atmospheric corrosion any pipeline for which the operator demonstrates by test, investigation, or experience appropriate to the environment of the pipeline that corrosion will—**

- (1) Only be a light surface oxide; or**
- (2) Not affect the safe operation of the pipeline before the next scheduled inspection.**

During the field audit, located at the pig receiving facility near the Conoco Phillips LNG Plant, it was determined that several areas had insufficient coating material and areas of disbanded coating. The pipeline segment at this location is aboveground uninsulated pipe and is exposed to the atmosphere. The observed failed coating may lead to further pitting corrosion if not remediated and recoated.

This finding was discussed with Hilcorp integrity management personnel who stated that the Tyonek Gas Transmission Pipeline and the tie in with the failed coating was on a remediation plan and that the failed coating would be addressed following a Hilcorp integrity assessment to be completed in 2017.

Hilcorp purchased this pipeline asset from Conoco Phillips, Alaska in December 2016 and has been the operator of the Tyonek Gas Transmission pipeline for less than 1 year.

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 item identified in this letter. Failure to do so will result in Hilcorp 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 5-2017-2002W**. 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,

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

cc: PHP-60 Compliance Registry
PHP-500 R. Guisinger (#156054)