

NOTICE OF AMENDMENT

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

April 5, 2017

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

CPF 5-2017-5004M

Dear Mr. Lalicker:

On December 15, 2016, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Endicott crude oil pipeline facilities located near Deadhorse, Alaska. Prior to that trip, supporting operation and maintenance procedures, and implementation records were reviewed on November 22-23, 2016 at your Anchorage office.

On the basis of the inspection, PHMSA identified the apparent inadequacy within Hilcorp Alaska, LLC's (Hilcorp) plans or procedures, as described below:

- 1. §195.402(c)(3) Procedural manual for operations, maintenance, and emergencies.
(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:
(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.**

While reviewing Hilcorp's documentation for the inspection of the Endicott pipeline valves, it became evident that the valve maintenance procedures were not adequate to fully comply with §195.402(c)(3).

The procedural manual for maintenance and normal operations must include procedures for operating pipelines in accordance with the requirements of Subpart F-Operation and Maintenance. During records review of your valve maintenance activities, our inspector noted that the 16" TK ball valve #5005 was excluded in the written valve maintenance procedures. Maintenance and operation procedures to ensure proper maintenance of each valve is necessary for the safe operation of the pipeline per Subpart F, §195.420. Furthermore, any required inspection and maintenance tasks defined by these revised procedures must be recorded per §195.404.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. 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, revised procedures, or a request for a hearing under §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 an Order Directing Amendment. If 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. § 190.206). 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 5-2017-5004M** 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 M. Chard (#153637)