

WARNING LETTER

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

June 2, 2017

Mr. Greg Lalicker
President
Hilcorp Alaska, LLC
1111 Travis Street
Houston, Texas 77022

CPF 5-2017-5008W

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 in Deadhorse, Alaska. Prior to that trip, supporting operation and maintenance procedures, and implementation records were reviewed on November 22 and 23, 2016 at your Anchorage office.

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. The item inspected and the probable violation is:

1. **§195.428 Overpressure safety devices and overfill protection systems.**
(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7 ½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical

condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

A review of Hilcorp records revealed that Pressure Safety Valve PSV 1165 had not been inspected and tested at the required interval. For the calendar year 2015 there were no records showing that PSV 1165 had been inspected and tested. It should be noted that Hilcorp had correctly classified PSV 1165 as a regulated overpressure safety device. Previously the operator BP had not identified PSV 1165 as a regulated overpressure device.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$205,638 per violation per day the violation persists up to a maximum of \$2,056,380 for a related series of violations. For violations occurring between January 4, 2012 and August 1, 2016, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 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 5-2017-5008W**. 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 M. Chard (#153637)
Ms. Erin McKay, Regulatory Compliance Manager, Hilcorp Alaska, LLC