



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

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

VIA FACSIMILE TO (907) 777-8301 AND CERTIFIED MAIL

February 1, 2019

Mr. Greg Lalicker
Chief Executive Officer
Hilcorp Alaska, LLC
1111 Travis Street
Houston, Texas 77002

**RE: Withdrawal of Notice of Proposed Safety Order
CPF No. 5-2017-6006S**

Dear Mr. Lalicker:

On March 17, 2017, Pipeline and Hazardous Materials Safety Administration (PHMSA) issued a Notice of Proposed Safety Order (Notice) with respect to Hilcorp Alaska, LLC (Hilcorp) Middle Ground Shoal (MGS) Hazardous Liquid System located in Cook Inlet, Alaska. Hilcorp submitted a letter to PHMSA on April 13, 2017 requesting an informal consultation, per 49 CFR § 190.239(b)(2), regarding the Notice. On May 9, 2017, PHMSA and Hilcorp personnel and attorneys met at PHMSA's Anchorage, Alaska office to discuss the Notice. During the meeting, PHMSA requested certain information and documents regarding the operations of the MGS platforms and the B pipeline at issue in the Notice. Subsequent to the May 9, 2017 meeting, PHMSA and Hilcorp agreed to an extended informal consultation period during which PHMSA reviewed pertinent information regarding the regulatory classification of the MGS Hazardous Liquid System (as well as other facilities located within the water of the Cook Inlet).

The MGS Hazardous Liquid System's pipeline is identified in the Notice as the "B Pipeline" and consists of the following four sections: 1) the MGS onshore facility to the "A Platform"; 2) the "A Platform" to the "Baker Platform"; 3) the "A Platform" to the "C Platform"; and 4) the "C Platform" to the "Dillon Platform". All four of these segments collectively make up the MGS "B Pipeline" and are identified in the Notice issued on March 17, 2017 as the "*Affected Pipeline Facility*". PHMSA has now determined that two of the pipelines identified in the Notice meet a regulatory exemption, 49 CFR § 195.1(b)(5), and are therefore exempt from PHMSA's regulations under 49 CFR Part 195. These two hazardous liquids pipeline segments, the MGS onshore facility to the "A Platform", and the "A Platform" to the "C Platform" (collectively referred to herein as the Exempt Pipelines), are subject to the Alaska

Department of Environmental Conservation's (ADEC) regulatory oversight.¹ The remaining two pipelines identified in the Notice remain PHMSA-regulated pipelines.

Regarding the two PHMSA-regulated pipelines identified in the Notice, information obtained by PHMSA since the Notice was issued revealed that the "A Platform" to the "Baker Platform" pipeline segment was converted to natural gas service prior to issuance of the Notice. It is PHMSA's understanding that this pipeline segment is out-of-service and filled with seawater, but has not been abandoned pursuant to 49 CFR § 192.727. Therefore, the "A Platform" to the "Baker Platform" pipeline segment remains a PHMSA-regulated natural gas pipeline subject to inspection by PHMSA personnel. The final pipeline segment identified in the Notice, the "C Platform" to the "Dillon Platform" was an out-of-service hazardous liquids pipeline prior to issuance of the Notice. This pipeline segment has been cleaned but it has not been abandoned pursuant to 49 CFR § 195.59, and it was a PHMSA-regulated hazardous liquids pipeline when it was removed from service. Therefore, the "C Platform" to the "Dillon Platform" pipeline segment remains a PHMSA-regulated hazardous liquids pipeline subject to inspection by PHMSA personnel.

With regard to the proposed corrective measures in the Notice, Hilcorp has conducted high-resolution side-scan sonar inspections of all pipelines identified in the Notice. In addition, Hilcorp has modified the two Exempt Pipelines such that they are now capable of in-line inspection (ILI) and has performed ILI of the Exempt Pipelines.

It is PHMSA's expectation that prior to returning either of the two out-of-service pipelines back into service, the Return to Service Plan include, among other things, modifying the pipelines such that they are capable of ILI and that the pipelines be ILI'd prior to being returned to service.

This letter is to inform you that PHMSA hereby withdraws the Notice and that the case is now closed.

If you have any questions concerning this letter, please contact Mr. David Hassell, Alaska Office Operations Supervisor, at (907) 271-6519.

Sincerely,



Chris Hoidal
Acting Director, Western Region
Pipeline and Hazardous Materials Safety Administration

¹ These two pipelines meet the statutory definition of Transportation-Related Oil Flow Lines, as defined by 49 USC § 60102(o).

cc: Mr. Alan K. Mayberry, Associate Administrator for Pipeline Safety, OPS
Ms. Linda Daugherty, Deputy Associate Administrator for Field Operations, OPS
David S. Wilkins, Senior Vice President, Alaska
Erin McKay, Regulatory Compliance Manager Alaska Integrity Group