

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 17, 2018

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

CPF 5-2018-0002W

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 (U.S.C.), inspected your Oliktok Gas Pipeline (OPL) facilities, records, and procedures in Anchorage, Prudhoe Bay, and Kuparuk, 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 items inspected and the probable violation is:

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.**

On September 13, 2017, Oliktok Pipeline Company, a wholly owned subsidiary of ConocoPhillips, was issued a Notice of Probable Violation and Proposed Compliance Order (NOPV/PCO) letter for the case number referenced above. The Notice alleged that Oliktok Pipeline Company (OPC) violated 49 C.F.R. § 192.195 by failing to provide adequate protection against overpressure on the Oliktok Gas Pipeline (OPL). The Notice proposed to require OPC to make certain modifications to protect the OPL from unsafe operating pressures. Specifically, the Notice alleged that a remotely operated valve, ROV 9000, is located at the upstream end of the OPL. The valve was 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 “fails in place” and becomes unable and incapable of responding to an overpressure situation.

ConocoPhillips responded to the NOPV/PCO in a letter dated October 11, 2017, offering information concerning modifications it had made to ROV 9000 and requesting that the NOPV/PCO be reduced to a warning. ConocoPhillips has provided PHMSA with documentation that a failsafe design has been implemented. PHMSA is satisfied that ConocoPhillips has addressed the probable violation alleged in the Notice.

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. For violations occurring prior to November 2, 2015, 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.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2018-0002W**. 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 H. Marlowe (#148605)
Mr. Scott Jepsen, President, Oliktok Pipeline Co.