



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

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

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

December 27, 2018

Mr. Daniel W. Britton
President/CEO
Fairbanks Natural Gas, LLC
3408 International Way
Fairbanks, Alaska 99701

CPF 5-2018-3003M

Dear Mr. Britton:

On August 7 through 11, 2017 and September 18 through 22, 2017, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Fairbanks Natural Gas's procedures for your Liquefied Natural Gas facilities in Fairbanks, Alaska.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Fairbanks Natural Gas's plans or procedures, as described below:

1. **§ 193.2509 Emergency procedures.**
 - (a)....
 - (b) **To adequately handle each type of emergency identified under paragraph (a) of this section and each fire emergency, each operator must follow one or more manuals of written procedures. The procedures must provide for the following:**
 - (1)....
 - (4) **Cooperating with appropriate local officials in evacuations and emergencies requiring mutual assistance and keeping these officials advised of:**
 - (i) **The LNG plant fire control equipment, its location, and quantity of units**

- located throughout the plant;
- (ii) Potential hazards at the plant, including fires;**
- (iii) Communication and emergency control capabilities at the LNG plant; and**
- (iv) The status of each emergency.**

The Operator's procedure SOP 1110, "Emergency Operating Plan," is inadequate to ensure cooperation with appropriate local officials in evacuations and emergencies requiring mutual assistance. Specifically, SOP 1110 does not contain information on the location of fire control equipment located throughout the plant, fails to provide information as to how local officials are to be advised of potential hazards (not just fire), and fails to provide information as to how local officials are to be apprised of the status of each emergency.

- 2. **§ 193.2513 Transfer procedures.**
 - (a) Each transfer of LNG or other hazardous fluid must be conducted in accordance with one or more manuals of written procedures to provide for safe transfers.**
 - (b) The transfer procedures must include provisions for personnel to**
 - (1)....**
 - (5) Verify that the transfer operations are proceeding within design conditions and that overpressure or overfilling does not occur by monitoring applicable flow rates, liquid levels, and vapor returns.**

The Operator's Standard Operating Procedures 6243 and 6243(b) do not contain the requirements in § 193.2513(b)(5) regarding verification that the transfer operations are proceeding within design conditions and that overpressure or overfilling does not occur by monitoring applicable flow rates, liquid levels, and vapor returns. The operator appears to be doing this monitoring during transfers, however, the requirement is not included in the operator's procedures.

- 3. **§ 193.2513 Transfer procedures.**
 - (a)....**
 - (c) In addition to the requirements of paragraph (b) of this section, the procedures for cargo transfer must be located at the transfer area and include provisions for personnel to:**
 - (1)....**
 - (3) Before transfer, verify that:**
 - (i) Each tank car or tank truck complies with applicable regulations governing its use;**

The Operator's Standard Operating Procedure 6240 "Transfer Procedures" does not contain any information regarding verification that the trailers comply with all regulations governing their use as required by § 193.2513(c)(3)(i).

- 4. **§ 193.2603 General.**
 - (a) Each component in service, including its support system, must be maintained in a condition that is compatible with its operational or safety purpose by repair,**

replacement, or other means.

(b) An operator may not place, return, or continue in service any component which is not maintained in accordance with this subpart.

The Operator's Standard Operating Procedure 7001 "Maintenance Activities," which is required by § 193.2605 is inadequate to ensure compliance with § 193.2603(a) and (b) is silent regarding conditions of components in service and (b) regarding component maintenance.

5. § 193.2617 Repairs.

(a) Repair work on components must be performed and tested in a manner which:

(1) As far as practicable, complies with the applicable requirements of Subpart D of this part; and

(2) Assures the integrity and operational safety of the component being repaired.

(b) For repairs made while a component is operating, each operator shall include in the maintenance procedures under §193.2605 appropriate precautions to maintain the safety of personnel and property during repair activities.

The Operator provided no procedures related to repair as required by § 193.2605. As a result, the Operator's procedures are inadequate to ensure compliance with § 193.2617.

6. § 193.2619 Control systems.

(a)....

(c) Control systems in service, but not normally in operation, such as relief valves and automatic shutdown devices, and control systems for internal shutoff valves for bottom penetration tanks must be inspected and tested once each calendar year, not exceeding 15 months, with the following exceptions:

(1)....

(2) Control systems that are intended for fire protection must be inspected and tested at regular intervals not to exceed 6 months.

The Operator's Standard Operating Procedure 7150 "Fire and Gas Detection Equipment Maintenance," required by § 193.2605 lists both annual and 6-month frequency for inspection and testing of fire eyes and methane detectors. Fire eyes and methane detectors are "control systems" as defined by § 193.2007. The procedures are ambiguous and inconsistent with respect to testing frequency, and are therefore inadequate to ensure compliance with §193.2619(c)(2).

7. **§ 193.2631 Internal corrosion control.**
Each component that is subject to internal corrosive attack must be protected from internal corrosion by?
(a) Material that has been designed and selected to resist the corrosive fluid involved; or
(b) Suitable coating, inhibitor, or other means.

The Operator's Standard Operating Procedure 7205 "Corrosion Control," required by § 193.2605, in the 4th paragraph claims to "address external, internal, and atmospheric corrosion." No further mention of internal corrosion is found in the Operator's procedures. The Operator's procedures are therefore inadequate to ensure compliance with § 193.2631.

8. **§ 193.2713 Training: operations and maintenance.**
(a)....
(b) A written plan of continuing instruction must be conducted at intervals of not more than two years to keep all personnel current on the knowledge and skills they gained in the program of initial instruction.

The Operator's Standard Operating Procedure 6001 "Plan of Initial and Continuing Instruction for Storage and Vaporization Operations" says: "Operators will be evaluated: Every (2) years or as defined by the designated task per the SOP" which is not the same as "not more than two years" as required by § 193.2713(b).

9. **§193.2801 Fire protection.**
Each operator must provide and maintain fire protection at LNG plants according to sections 9.1 through 9.7 and section 9.9 of NFPA-59A-2001 (incorporated by reference, see §193.2013).

NFPA-59A-2001 section 9.9.1 states that "[m]annual emergency depressurizing means shall be provided where necessary for safety. Portions of the plant that can be isolated from storage tanks or other sources of supply can be depressurized by venting to the atmosphere. The discharge shall be directed so as to minimize exposure to personnel or equipment."

The Operator's Standard Operating Procedure 6101 does not contain provisions incorporating the requirements in NFPA 59A 9.9.1 regarding depressurizing to the environment and safety, and is therefore inadequate to ensure compliance with § 193.2801.

10. §193.2801 Fire protection.

Each operator must provide and maintain fire protection at LNG plants according to sections 9.1 through 9.7 and section 9.9 of NFPA-59A-2001 (incorporated by reference, see §193.2013).

NFPA-59A-2001 section 9.9.2 states that “[t]aking an LNG container out of service shall not be regarded as a normal operation and shall not be attempted on any routine basis. All such activities shall require the preparation of detailed procedures.”

Cautionary provisions like those mandated in NFPA 9.9.2 do not appear in Operator's Standard Operating Procedure 6201 “General Purging Procedures,” Standard Operating Procedure 6202 “LNG Storage Tank Purging and Cooldown Procedures,” Storage Site #1, or Standard Operating Procedure 6203 “LNG Storage Tank Purging and Cooldown Procedures, Storage Site #2.”

11. § 193.2911 Security lighting.

Where security warning systems are not provided for security monitoring under § 193.2913, the area around the facilities listed under § 193.2905(a) and each protective enclosure must be illuminated with a minimum in service lighting intensity of not less than 2.2 lux (0.2 ftc) between sunset and sunrise.

Security warning systems are not provided at the Operator's Site #1 and Site #2 under § 193.2913. The Operator is therefore required to follow the security lighting provisions under § 193.2911. Under § 193.2903, the operator's procedures must be in compliance with § 193.2911. The Operator's procedure SOP 1220 “Security Procedures” at the LNG Storage Site do not detail the lighting intensity of the security lighting as required in §193.2911.

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 [number of days] 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 Fairbanks Natural Gas 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, Acting Director, Western Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 5-2018-3003M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



Chris Hoidal

Acting 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 J. Owens (# 155562)