

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 10, 2019

Mr. David Pascal
Vice President – Operations
Glacier Oil and Gas Corporation
601 West 5th Avenue, Suite 310
Anchorage, Alaska 99501

CPF 5-2019-0001W

Dear Mr. Pascal:

Between August 1 and August 10, 2017, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected the Badami Gas Transmission pipeline of Nutaaq Pipeline, LLC's Badami Gas Transmission line on the North Slope of Alaska. The inspection included field examination of the facilities, operation and maintenance procedures, and records demonstrating implementation of those procedures.

Based on our inspection findings, PHMSA determined that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The deficiencies noted and the probable violations are:

§192.739 Pressure limiting and regulating stations: Inspection and testing.

(a) Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not

exceeding 15 months, but at least once each calendar year, to inspections and tests to determine that it is—

- (1) In good mechanical condition;**
- (2) Adequate from the standpoint of capacity and reliability of operation for the service in which it is employed;**
- (3) Except as provided in paragraph (b) of this section, set to control or relieve at the correct pressure consistent with the pressure limits of §192.201(a); and**
- (4) Properly installed and protected from dirt, liquids, or other conditions that might prevent proper operation.**

Nutaaq did not conduct inspections and tests of the Pressure Safety Valve (PSV) that controls or provides overpressure protection for the Badami gas transmission pipeline. The pressure relief for Nutaaq's Badami gas transmission pipeline is located upstream of the tie-in to and on Hilcorp's Endicott natural gas pipeline. Hilcorp operates that PSV. However, at the time of the inspection, Hilcorp had not been testing the PSV, which acts as a relief to protect the Nutaaq Badami gas transmission line during operations.

The Badami pipeline transports "makeup" natural gas to the production facility at Badami. The pipeline is pressurized to approximately 800 psig and is used intermittently.

Following the inspection, Nutaaq and Hilcorp personnel developed a procedure to inspect the PSV upstream of the Badami gas transmission line. Hilcorp provided additional records for the PSV demonstrating it was in good mechanical condition, reliable, and adequate from a capacity standpoint. These procedures should ensure that the PSV is properly inspected and tested and were incorporated into Nutaaq Procedural Manual for Operations, Maintenance, and Emergencies subsequent to the inspection.

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. We advise you to correct the items identified in this letter. Failure to do so will result in Nutaaq Pipeline, LLC 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 5-2019-0001W**. 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,

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

cc: PHP-60 Compliance Registry
PHP-500 R. Guisinger (#156130)