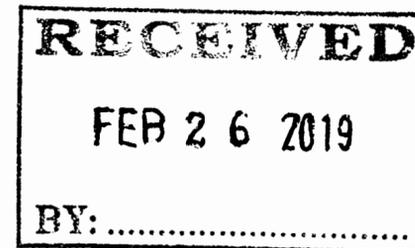




Erin Renfro
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Direct: 907-343-2127



February 20, 2019

Mr. Chris Hoidal
Acting Director, Western Region
Pipeline and Hazardous Materials Safety Administration
12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

Re: Response to Notice of Amendment
CPF 5-2019-7001M

Dear Mr. Hoidal:

Caelus Natural Resources Alaska, LLC ("Caelus") is in receipt of that certain Notice of Amendment dated January 14, 2019 from the Pipeline and Hazardous Materials Safety Administration ("PHMSA") relating to alleged inadequacies with respect to Caelus' procedures for pipeline operations, maintenance, corrosion control, and integrity management for the 2-inch diesel pipeline servicing the Ooguruk field located on the North Slope of Alaska (the "Notice"). The Notice was received by Caelus on January 23, 2019.

Caelus does not contest the allegations in the Notice and enclosed herewith is a Corrective Action Plan for addressing the inadequacies within Caelus' plans and procedures identified in the Notice. While Caelus intends to amend its plan and procedures to address each inadequacy identified in the Notice, Caelus hereby requests a total of 180 days from the date of Caelus' receipt of the Notice to submit its amended procedures to your office in compliance therewith.

As of January 31, 2019, Caelus closed the sale of its interest in the Ooguruk field to Eni Petroleum US LLC ("Eni"). Caelus will continue to operate the Ooguruk field for six months after the closing in order to facilitate and provide for an orderly transition of operatorship from Caelus to Eni. The requested additional time is needed for Caelus and Eni to integrate the plans and procedures addressed in the Notice, as well as the entirety of Caelus' DOT/PHMSA compliance program, into Eni's existing DOT/PHMSA compliance program.

Should you have any questions with respect to any of the matters addressed herein, please do not hesitate to contact the undersigned at (907) 343-2127 or erin.renfro@caelusenergy.com.

Sincerely,



Erin D. Renfro
Operations Engineering Supervisor

Cc (via email): J. Patrick Foley, Caelus
David Hart, Caelus
John Hellen, Caelus
Craig Keppers, Eni
Peter Adams, Eni
Jacob Gano, DOT PHMSA

Enclosure: *Oooguruk Diesel Transfer Line Corrective Action Plan*

Oooguruk Diesel Transfer Line Corrective Action Plan

PHMSA conducted an inspection of the Oooguruk DOT program in April 2018. A Notice of Amendment (dated January 14, 2019) was received on January 23, 2019. The following is what needs to be done to comply both from the perspective of updating the Caelus program and incorporating the Caelus program into the existing Eni program

1. § 195.402 Procedural manual for operations, maintenance and emergencies

Caelus's pipeline, as part of the transition to Eni operatorship, will be incorporated into existing procedures in Eni's Operations and Maintenance manual that addresses the appropriate item.

- a. A procedure for repairing each type of defect.
- b. A procedure to maintain each valve needed to safely operate the pipeline.
- c. A procedure to inspect each mainline valve twice a year.
- d. A procedure to inspect and test each pressure-limiting device, relief device, pressure regulator, or other item of pressure control.
- e. A procedure for inspecting the internal surface of the pipe for evidence of corrosion whenever the pipe is removed from a pipeline.

2. § 195.452 (f)(4) Pipeline integrity management in high consequence areas.

We are taking steps to incorporate the Oooguruk PHMSA jurisdictional line into the Eni Integrity Management Plan (IMP) to resolve Proposed Compliance Order 2a. Eni's IMP includes Eni's current written criteria for remedial actions to address integrity issues consistent with § 195.452(h), which will resolve this item.

3. § 195.452 (f)(5) Pipeline integrity management in high consequence areas.

See 2 above. Incorporating the Oooguruk DOT jurisdictional line into the Eni IMP will resolve all four findings under this section.

4. § 195.505 Qualification program.

Caelus's pipelines, as part of the transition, will be incorporated into existing procedures in Eni's Operator Qualification manual that addresses the appropriate item.