

WARNING LETTER

VIA E-MAIL TO MR. DANIEL W. BRITTON

May 12, 2020

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

CPF 5-2020-3001W

Dear Mr. Britton:

On July 15 through 16, 2019, August 22 through 23, 2019, and October 24, 2019, 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 Fairbanks Natural Gas, LNG storage and vaporization facilities at Donald Avenue and Tria Road in Fairbanks, Alaska.

As a result of the inspection, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

1. § 193.2503 Operating procedures.

Each operator shall follow one or more manuals of written procedures to provide safety in normal operation and in responding to an abnormal operation that would affect safety. The procedures must include provisions for:

...

(b) Startup and shutdown, including for initial startup, performance testing to demonstrate that components will operate satisfactory in service.

Records for warm-up of LNG storage tank #3 located at Site #1 (Donald Avenue), beginning on June 17, 2019 did not have the detail called for in SOPs 6202, 6230, and the Tank Warm Up procedure dated August 2018 (Warm-up procedure). Step 2 in the sequence of events for the Warm-up procedure state that the operator must “Document all steps and findings on the Operators Log located on the PC at each site.” SOP 6230 calls for a detailed written warming procedure before a tank is taken out of service. The written warm-up procedure dated August 2018, explicitly requires documentation of all steps and findings taken to safely warm the tank to ambient temperatures.

The Warm-up procedure provides a sequence of events involving eight discrete tasks. Step five of the Warm-up procedure required documenting the monitoring of the LNG level within the target tank. Records for warm-up of LNG storage tank #3 located at Site #1 (Donald Avenue), beginning on June 17, 2019 lacked the initial tank level, how fast the tank was being drawn down, and the date tank was determined to be empty.

Step seven of Warm-up procedure requires the operator to monitor the tank pressure and manually vent the tank until the pressures subside. The final note in the record on July 22, 2019 indicated that pressure continued to build within the tank which in turn required manual venting. There was no record of when the tank finally stopped building pressure and was deemed safe for maintenance activities.

2. § 193.2711 Personnel health.

Each operator shall follow a written plan to verify that personnel assigned operating, maintenance, security, or fire protection duties at the LNG plant do not have any physical condition that would impair performance of their assigned duties. The plan must be designed to detect both readily observable disorders, such as physical handicaps or injury, and conditions requiring professional examination for discovery.

Records are inconsistent with the requirements of FNG SOP 1160 which states that FNG will obtain and keep records regarding the physical examination and other illness and injuries with employee records for the length of employment. The Operations Supervisor’s most recent fitness for duty certificate, completed by a medical examiner was September 12, 2018; however, there was no record of fitness for duty certificates prior to September 2018.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022. 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. Also, for each violation involving LNG facilities, and additional penalty of not more than \$79,875 occurring on or after July 31, 2019 may be imposed. For each violation involving LNG facilities, an additional penalty of not more than \$77,910 occurring on or after November 27, 2018 and before July 31, 2019 may be imposed. For each violation involving LNG facilities occurring on or after November 2, 2018 and before November 27, 2018, an additional penalty of not more than \$76,352 may be imposed. For each violation involving LNG facilities occurring prior to November 2, 2015, an additional penalty of not more than \$75,000 may be imposed. 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 Fairbanks Natural Gas, 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 5-2020-3001W**. 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,

Dustin B. Hubbard
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 M. Chard (#162684)