

WARNING LETTER

VIA E-MAIL TO MR. GREG LALICKER

February 9, 2022

Mr. Greg Lalicker
Chief Executive Officer
Hilcorp Energy Company
1111 Travis Street
Houston, Texas 77002

CPF 5-2022-017-WL

Dear Mr. Lalicker:

From June 14, 2021 to July 6, 2021, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected the records and procedures for the Hilcorp Middle Ground Shoal Platforms natural gas pipelines located in the Kenai Peninsula Borough, 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 item inspected and the probable violation is:

1. **§192.745 Valve maintenance: Transmission lines.**
 - (a) **Each transmission line valve that might be required during any emergency must be inspected and partially operated at intervals not exceeding 15 months, but at least once each calendar year.**
 - (b) **Each operator must take prompt remedial action to correct any valve found inoperable, unless the operator designates an alternative valve.**

Hilcorp Alaska, LLC did not partially operate valve 1117 in the year 2018 and failed to provide documentation of a partially operating valve 1117 in an interval not exceeding 15 months. The inspection form indicates that Valve 1117 was "iced over" during the 2018 annual valve inspection and was not operated during the inspection.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019 and before January 11, 2021, the maximum penalty may not 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.

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 item identified in this letter. Failure to do so will result in Hilcorp Alaska, 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 5-2022-017-WL**. 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 Hubbard
Director, Western Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 J. Gano, M. Yeager, C. Lyon (#21-200016)
Luke Saugier, Senior Vice President, Hilcorp Alaska, LLC (via email)
Ben Wasson, Integrity Management Engineer, Hilcorp Alaska, LLC (via email)
Justin Selvik, Regulatory Compliance Specialist, Hilcorp Alaska, LLC (via email)