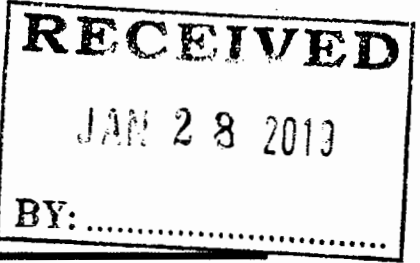




FAIRBANKS NATURAL GAS, LLC

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

January 25, 2019

Subject: FNG Response Notice of Amendment Letter dated December 27, 2018, CPF 5-2018-3003M

Dear Mr. Hoidal

Fairbanks Natural Gas (FNG) received your Notice of Amendment letter, reference CPF 5-2018-3003M, dated December 27, 2018. FNG response to the letter includes detailed discussion of each issue. We have also included revised Standard Operating Procedures (SOP's) as attachments. The requested amendments is as follows.

PHMSA Comment #1:

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 – (1) , SOP 1110 does not contain information on the location of fire control equipment located throughout the plant, (2) fails to provide information as to how local officials are to be advised of potential hazards (not just fire), and (3) fails to provide information as to how local officials are to be apprised of the status of each emergency.

FNG Response:

1. Attachment A includes the Standard Operating Procedures 1110, "Emergency Operating Plan and Standard Operating Procedures 1112, "Fire Protection Plan – LNG Facilities". Please note that SOP 1110, General, items #2 clarifies the location of fire control equipment located throughout the plant. The location of fire control equipment can be found in Standard Operating Procedures 1112, "Fire Protection Plan – LNG Facilities".
2. Annually, FNG mails out to the local emergency responder officials a hazardous material informational packet. Including within that informational packet is a Tier II report, SDS cut sheets and a copy of the Standard Operating Procedures 1110, "Emergency Operating Plan.

The Tier II report will provide informational material regarding the type and amount of hazardous materials and substances stored at both LNG storage facilities which, for FNG, is LNG. Included in the Tier II report is the LNG storage facility locations. The SDS



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sheet provides hazardous material information regarding Liquefied Natural Gas (LNG).

The Standard Operating Procedures 1110, "Emergency Operating Plan, pages 7-8, Local Emergency Agencies, Item #3 (d), Potential Hazards list other potential hazards as LNG leaks, LNG spills, and LNG vapor plumes.

3. SOP 1110 Emergency Operating Plan pages 7, Local Emergency Agencies, item #1 indicates in the event of a fire emergency or non-fire emergencies the local fire departments and emergency responders will be contacted by FNG dispatch. The SOP further defines how contact is to be made by direct communication thru facility phone or cell phone from various locations during operating and non-operating hrs.

PHMSA Comment #2:

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.

FNG Response:

Attachment B includes both the revised Standard Operating Procedures 6243 and 6243(b) and the LNG Transfer Data Sheet for LNG storage site 1 and LNG storage site 2. Please note the revisions in SOP 6243 and 6243(b) are shown under, General, items #3 and #4.

LNG Transfer Data Sheet revisions on page #2 reflect monitoring and documentation of current pressures and volumes per individual LNG Storage Tank during a LNG transfer. The SOP also includes a storage site Maximum Fill Level and not to exceed statement.

See attachments B, included.

PHMSA Comment #3:

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).



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FNG Response:

Attachment C includes the revised Standard Operating Procedures 6240 "Transfer Procedures". Revisions in SOP 6240 have been updated with the revisions on page 3 and page 4, Initial Inspection and Preparation.

See attachments C, included.

PHMSA Comment #4:

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.

FNG Response:

Attachment D includes the revised Standard Operating Procedures 7001 Maintenance Activities - General. Please note the revisions under Maintenance Activities on page 1 and 2, items #4, #7 and #8.

See attachments D, included.

PHMSA Comment #5:

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.

FNG Response:

Attachment E includes FNG written Standard Operating Procedure 7002 "Repair Activities - General". FNG has implemented this Standard Operating Procedure into the daily functions and operating activities.

See attachment E, included.

PHMSA Comment #6:

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).



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FNG Response:

Attachment F includes FNG Standard Operating Procedure 7150 "Fire and Gas Detection Equipment Maintenance" have been updated with the revision on page 1, General, items #1.

See attachment F, included.

PHMSA Comment #7:

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.

FNG Response:

Attachment G includes the revised Standard Operating Procedure 7205 "Corrosion Control. Page 1, Corrosion Protection and Inspection, item #1 identifies that the LNG delivered to FNG is not a corrosive gas. Items #3, #4 and #5 have been revised to clarify the requirement for §193.2631 Internal Corrosion.

See attachment G, included.

PHMSA Comment #8:

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).

FNG Response:

Attachment H includes the revised Standard Operating Procedures 6001 "Plan of Initial and Continuing Instruction for Storage and Vaporization Operations". The revision on page 1, General, item #3.

See attachments H, included.

PHMSA Comment #9:

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.

FNG Response:

Attachment I includes the revised Standard Operating Procedures 6101 "LNG Storage Sites General Descriptions". The revisions on page #2, LNG Storage Tanks, item #3 will clarify that the requirements in NFPA-59A-2001 section 9.9.1 and PHMSA Fire Protection code § 193.2801 is in compliance.

See attachment I, included.

PHMSA Comment #10:

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."

FNG Response:

Attachment J includes the revisions to the Standard Operating Procedures 6201 "General Purging Procedures", Standard Operating Procedure 6202 "LNG Storage Tank Purging and Cooldown Procedures Site #1, Standard Operating Procedure 6203 "LNG Storage Tank Purging and Cooldown Procedures Site #2" and the Standard Operating Procedure 6230 "Abnormal Operating Conditions (AOC)". The revisions are the following:

- a. Standard Operating Procedure 6201 "General Purging Procedures", page 1, General, items #2.
- b. Standard Operating Procedure 6202 "LNG Storage Tank Purging and Cooldown Procedures," Storage Site #1, page 1, General, items #3.
- c. Standard Operating Procedure 6203 "LNG Storage Tank Purging and Cooldown Procedures," Storage Site #2, page 1, General, items #3.



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- d. Standard Operating Procedure 6230 "Abnormal Operating Conditions (AOC)", revisions on page 1, Storage Tank Service or Repair, item #1.

See attachment J, included.

PHMSA Comment #11:

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.

FNG Response:

Attachment K includes the revised Standard Operating Procedures 1220 "Security Procedures". The revision on page 1, General Security Procedures, item #8.

See attachment K, included.

FNG appreciates the opportunity to further support its initial response. If you have further questions or instructions on this matter, please call me at (907) 452-7111 or e-mail me at cgillespie@fngas.com.

Sincerely,

A handwritten signature in black ink that reads 'Chris Gillespie'.

Chris Gillespie