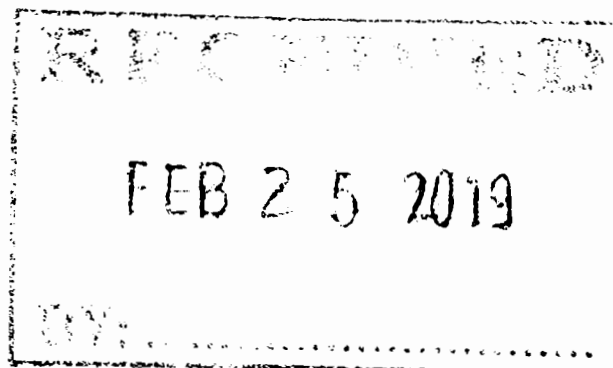




February 22, 2019

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

**RE: CPF No. 5-2019-2001 and 5-2019-2002W
Response of Hilcorp Alaska, LLC**

Dear Mr. Hoidal,

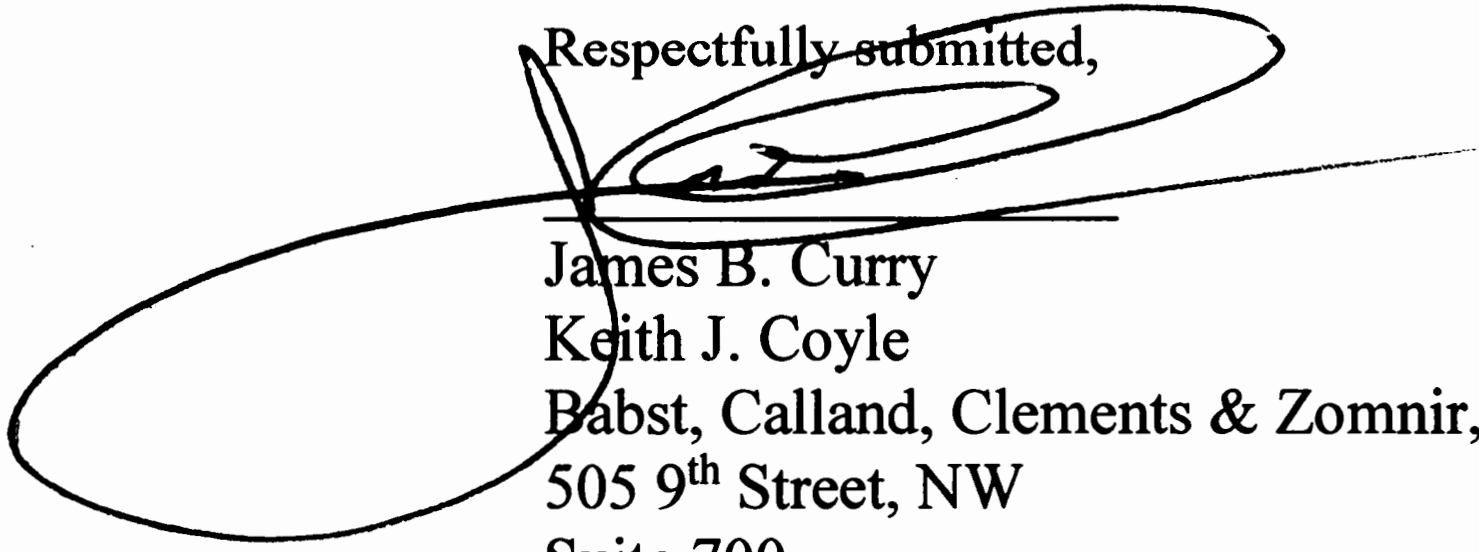
Hilcorp Alaska, LLC (Hilcorp Alaska or the Company) received the above-referenced Notice of Probable Violation, Proposed Civil Penalty and Proposed Compliance Order (Notice) and Warning Letter on January 24, 2019 and January 25, 2019, respectively. Hilcorp Alaska, through the undersigned, has communicated with counsel for the Pipeline and Hazardous Materials Safety Administration (PHMSA or the Agency) regarding these matters, as well as a related matter currently before the United States Court of Appeals for the District of Columbia Circuit.¹

PHMSA counsel has indicated that the Agency shares the Company's objective of engaging in informal discussions concerning potential settlement of these matters. Hilcorp Alaska appreciates the opportunity to have these discussions and requests an in-person meeting to begin talks at your convenience.

Hilcorp Alaska is hopeful that settlement discussions will result in resolution of this case without further administrative or judicial proceedings. In the event that our discussions are not fruitful, the Company respectfully requests a hearing in this matter. A preliminary statement of the issues is attached to this letter. To allow for discussions, and in the interests of administrative economy, Hilcorp Alaska requests that PHMSA postpone the assignment of a Presiding Official and the scheduling of a hearing at this time.

¹ Petition for Review, *Hilcorp Alaska, LLC v. U.S. Dep't of Transp.*, No. 19-1016 (D.C. Cir., filed Jan. 25, 2019).

Respectfully submitted,



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Counsel for Hilcorp Alaska, LLC

cc (by e-mail):

Paul Roberti, Esq., Chief Counsel, PHMSA
Alan Mayberry, Assistant Administrator, PHMSA
Vasiliki Tsaganos, Esq., Deputy Chief Counsel, PHMSA
Joseph Hainline, Esq. Attorney Advisor, Counsel for the Western Region, PHMSA
David Wilkins, Senior Vice President, Hilcorp Alaska, LLC
Cindy Monnin, Alaska Integrity Manager, Hilcorp Alaska, LLC
Marc Bond, Esq., Senior Counsel, Hilcorp Alaska, LLC
Erin McKay, Regulatory Compliance Manager, Hilcorp Alaska, LLC

Enclosure:

Preliminary Statement of Issues

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY**

In the Matter of

Hilcorp Alaska, LLC,

Respondent.

**CPF Nos. 5-2019-2001 and
5-2019-2002W**

PRELIMINARY STATEMENT OF ISSUES

I. Introduction

Hilcorp Alaska, LLC (Hilcorp Alaska) intends to raise the following issues during a hearing, if one is necessary, on the Notice of Probable Violation, Proposed Civil Penalty and Proposed Compliance Order (Notice) and Warning Letter issued on January 24 and 25, 2019, respectively, by the Pipeline and Hazardous Materials Safety Administration (PHMSA) in the above-captioned matters. Both matters relate to Hilcorp Alaska's Middle Ground Shoals gas pipeline system (MGS System) in the Upper Cook Inlet of Alaska. Hilcorp Alaska submits this Preliminary Statement of Issues as required by 49 C.F.R. § 190.211(b) (2018). Hilcorp Alaska reserves the right to supplement this Preliminary Statement of Issues. If a hearing is necessary, Hilcorp Alaska will be represented by counsel at the hearing.

Hilcorp Alaska looks forward to resolving these matters with PHMSA. As indicated in the Company's February 22, 2019 Response, Hilcorp Alaska would prefer to do so through settlement and without the necessity of further administrative or judicial proceedings. Hilcorp Alaska understands that PHMSA shares this objective. The Company is filing this Preliminary Statement of Issues in order to comply with § 190.211(b) in the event a hearing is necessary.

II. Preliminary Statement of Issues

A. As relevant to the statutory and regulatory classification of Hilcorp Alaska's submerged pipelines, whether the waters of the Upper Cook Inlet, north of the baseline at Kalgin Island are onshore, inland waters under the Pipeline Safety Laws, 49 U.S.C. § 60101 *et seq.* (2018), and the definition of "offshore" in 49 C.F.R. § 192.3, which mirrors the definition of "coast line" in the Submerged Lands Act of 1953, 43 U.S.C. § 1301(c).

B. Whether the allegation in the Notice is consistent with the facts, the record and is

supported by the Pipeline Safety Laws, 49 U.S.C. § 60101 *et seq.*, and the relevant Part 191 regulations.

- C. Whether the proposed compliance order in the Notice is supported by the facts, the record, the applicable Pipeline Safety Laws and Regulations, 49 U.S.C. § 60101 *et seq.* and 49 C.F.R. Parts 191 and 192, is appropriate in scope, and is otherwise necessary or appropriate.
- D. Whether the proposed civil penalty in the Notice is supported by the facts, the record, and is consistent with the civil penalty framework in 49 U.S.C. § 60122 and 49 C.F.R. §§ 190.223 and 190.225.
- E. Whether PHMSA's determinations of probable violation in the Warning Letter are supported by the facts, the record and by the applicable Pipeline Safety Laws and Regulations. 49 U.S.C. § 60101 *et seq.* and 49 C.F.R. Parts 191 and 192.

Respectfully submitted this 22nd day of
February 2019.

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