

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

VIA E-MAIL TO MR. SEAN KOLASSA

August 20, 2021

Mr. Sean Kolassa
President
Harvest Alaska, LLC
1111 Travis Street
Houston, Texas 77002

CPF 5-2021-023-NOPV

Dear Mr. Kolassa:

From October 19, 2020 to January 22, 2021, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Harvest Alaska LLC's (Harvest) Beluga transmission pipeline and CIGGS transmission pipeline system.

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

1. § 192.614 Damage prevention program

(a)

(c) The damage prevention program required by paragraph (a) of this section must, at a minimum:

(1) Include the identity, on a current basis, of persons who normally engage in excavation activities in the area in which the pipeline is located.

Harvest's method for establishing its excavator mailing list failed to comply with the regulation. Contractors who called previously for utility locates were not added to Harvest's excavator mailing list. The excavator mailing list was compiled from registered contractors within the State of Alaska and included contractors who were unlikely to conduct excavations, such as drywall and painting contractors. Harvest's excavator mailing list failed to include excavators known to engage in excavation activities in the area.

2. § 192.739 Pressure limiting and regulating stations: Inspection and testing.

(a) Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests to determine that it is—

(1) In good mechanical condition;

(2) Adequate from the standpoint of capacity and reliability of operation for the service in which it is employed;

(3) Except as provided in paragraph (b) of this section, set to control or relieve at the correct pressure consistent with the pressure limits of § 192.201(a); and

(4) Properly installed and protected from dirt, liquids, or other conditions that might prevent proper operation.

Harvest did not inspect and test PSV-10056 or PSV-002 at the required intervals. PSV-10056 protects the Beluga transmission line from being overpressured by the compressors at Beluga. The only record of testing and inspection of PSV-10056 was dated August 9, 2019. There were no records indicating that testing was performed during the previous two years.

Beluga PSV-002 exceeded the 15-month testing and inspection interval. Records showed that inspections occurred on January 9, 2019 and July 9, 2020.

PSV-002 was not tested in the 2018 calendar year or the previous year.

3. § 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.

Harvest conducted inspections of Valve ID: X-002 (SDV-023) at Kaloa Junction on June 29, 2017 and June 29, 2018. As part of those inspections, Harvest was required to partially operate the valve. However, the Pipeline Valve Inspection & Maintenance forms documenting the inspections reveal that the valve was not partially operated during either inspection. Inspection records indicate that Harvest failed to perform partial operation because there was concern that if the valve were closed, it could not be reopened.

4. **§ 192.937 What is a continual process of evaluation and assessment to maintain a pipeline's integrity?**

(a)

(b) ***Evaluation.*** An operator must conduct a periodic evaluation as frequently as needed to assure the integrity of each covered segment. The periodic evaluation must be based on a data integration and risk assessment of the entire pipeline as specified in § 192.917. For plastic transmission pipelines, the periodic evaluation is based on the threat analysis specified in 192.917(d). For all other transmission pipelines, the evaluation must consider the past and present integrity assessment results, data integration and risk assessment information (§ 192.917), and decisions about remediation (§ 192.933) and additional preventive and mitigative actions (§ 192.935). An operator must use the results from this evaluation to identify the threats specific to each covered segment and the risk represented by these threats.

Harvest's Integrity Management Program (IMP) Annual Effectiveness Reviews in 2018 and 2019 failed to provide a comprehensive and in-depth examination of performance. The reviews did not effectively establish performance metrics, and Harvest did not provide evidence of feedback of its preventive and mitigative measures decisions. Harvest's IMP Annual Effectiveness Reviews did not include an analysis of annual performance measures, implementation, or results.

Section 9 Performance Plan of ASME B31.8S Managing System Integrity of Gas Pipelines, incorporated by reference in Title 49 CFR 192, requires program evaluations to determine if pipeline integrity and safety were effectively improved through the IMP. Harvest did not complete this requirement in 2018 or 2019.

5. **§ 192.939 What are the required reassessment intervals?**

An operator must comply with the following requirements in establishing the reassessment interval for the operator's covered pipeline segments.

(a) ***Pipelines operating at or above 30% SMYS.*** An operator must establish a reassessment interval for each covered segment operating at or above 30% SMYS in accordance with the requirements of this section. The maximum reassessment interval by an allowable reassessment method is seven years. If an operator establishes a reassessment interval that is greater than seven years, the operator must, within the seven-year period, conduct a confirmatory direct assessment on the covered segment, and then conduct the follow-up reassessment at the interval the operator has established. A reassessment carried out using confirmatory direct assessment must be done in accordance with § 192.931. The table that follows this section sets forth the maximum allowed reassessment intervals.

Harvest did not assess the covered segment of ECIGGS within a seven-year interval. Harvest personnel stated during the inspection that they had missed the 7-year assessment interval. Marathon Pipe Line, LLC (Marathon), the previous operator of the ECIGGS pipeline, completed an In-Line-Inspection (ILI) on May 1, 2012, as noted in Marathon's documentation Information

Analysis Book. Harvest completed an ILI on July 13, 2019, as indicated in Hilcorp Gas IMP annual Risk, HCA and P&MM Review for Annual Review Year 2019.

Proposed Civil Penalty

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 documentation involved for the above probable violations and recommend that you be preliminarily assessed a civil penalty of \$76,300 as follows:

Item Number	Penalty
2	\$ 37,600
3	\$ 38,700

Warning Items

With respect to items 1, 4, and 5 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 promptly correct these items. Failure to do so may result in additional enforcement action.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be 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).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR §190.211. If you do not respond within 30 days of receipt of this Notice,

this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 5-2021-023-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Dustin Hubbard
Director, Western Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Enforcement Proceedings*

cc: PHP-60 Compliance Registry
 PHP-500 G. St. Pierre (#20-174865)
 Andrew Limmer, Vice President, Harvest Alaska, LLC
 Ben Wasson, Hilcorp
 Justin Selvik, Hilcorp
 Harold Colgrove, Integrity and Regulatory Compliance Manager, Harvest Alaska, LLC