

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

VIA E-MAIL TO MR. SEAN KOLASSA

March 30, 2022

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

CPF 5-2022-002-NOPV

Dear Mr. Kolassa:

From May 17 through 21, 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 the procedures and records of Harvest Alaska, LLC's (Harvest) Northstar Liquid Pipeline located near Prudhoe Bay, 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. § 195.452 Pipeline integrity management in high consequence areas.

(a)

(f) *What are the elements of an integrity management program?* An integrity management program begins with the initial framework. An operator must continually change the program to reflect operating experience, conclusions drawn from results of the integrity assessments, and other maintenance and surveillance

data, and evaluation of consequences of a failure on the high consequence area. An operator must include, at minimum, each of the following elements in its written integrity management program:

(1)

(3) An analysis that integrates all available information about the integrity of the entire pipeline and the consequences of a failure (*see* paragraph (g) of this section);

Harvest failed to adequately analyze all available information about the integrity of the entire pipeline during the November 2018 risk assessment review. Specifically, information regarding the effectiveness of cathodic protection for the subsea portion of the Northstar Liquid Pipeline had not been adequately analyzed and incorporated into the risk assessment.

A risk assessment review was conducted on November 27, 2018, with the final report documenting the review dated January 18, 2019 (Risk Assessment). Specific to cathodic protection, the Risk Assessment indicates that subject matter experts used or reviewed “Annual CP Surveys records,” but not “Close Interval Survey (CIS) records.”

The Risk Assessment evaluated a corrosion risk factor of “CP system design and effectiveness”; this evaluation resulted in “No” potential risk increase or exposure due to this specific corrosion risk factor. The “No” potential risk increase or exposure result was supported by comments of “Good Annual CP readings” and “P&MM: Consider summer CIS in 2022.”

The Risk Assessment also evaluated corrosion evidence and failure history specific to “CP and CIS results”; this evaluation resulted in “No” increased risk. The “No” increased risk result was supported by the comments of “The last CIS was performed in 2012” and “Hilcorp [operator at time of the Risk Assessment] is considering the next CIS in 2022.”

Both of the “No” increased risk results, as indicated above, are based on an inadequate review of the available information and limitations associated with the available information. For example:

1. The annual cathodic protection survey reports for 2016, 2017, and 2018 address the onshore portions of the pipeline and, for the most part, did not include the offshore portion of the pipeline.
2. The last close interval survey conducted on offshore portions of the pipeline was conducted in 2012. The 2012 Close Interval Survey report recommended that a close interval survey of the pipeline be performed on a 5-year basis. Per the Risk Assessment, the 2012 Close Interval Survey was not used or reviewed.
3. The 2016 and 2017 annual cathodic protection survey reports recommended that the operator, “Initiate planning to perform a complete offshore cathodic protection survey on the submerged section of the pipelines . . .” The Risk Assessment listed “Hilcorp is considering a 2022 CIS” as a preventive and mitigative measure. However, considering doing something is not a valid preventive and mitigative measure because no additional actions were ever taken.

In summary, the Risk Assessment was devoid of any analysis of information specifically related to the effectiveness of cathodic protection for the subsea portion of the Northstar Liquid Pipeline. The Risk Assessment indicated that there was “No” increased risk due to factors associated with the “CP system design and effectiveness” and “CP and CIS results.” The Risk Assessment based its finding of no increased risk on “Good Annual CP readings,” as well as the representation that “Hilcorp is considering the next CIS in 2022.” These results are contrary to the fact that essentially no data/information had been collected on the effectiveness of cathodic protection for the subsea portion of the pipeline since the last close interval survey in 2012. It also appeared that the Risk Assessment did not consider the 2012 close interval survey results. The lack of information specific to the effectiveness of cathodic protection for the subsea portion of the pipeline was neither recognized nor considered in the Risk Assessment. As such, information (or lack thereof) regarding the effectiveness of cathodic protection of the subsea portion of the Northstar Liquid Pipeline had not been adequately analyzed or incorporated into the risk assessment.

2. § 195.505 Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

(a)

(b) Ensure through evaluation that individuals performing covered tasks are qualified;

Harvest failed to ensure through evaluation that individuals performing covered tasks were qualified. Specifically, Harvest failed to ensure that individuals performing offshore atmospheric corrosion inspection of the Northstar Liquid Pipeline on February 19, 2021 were qualified to perform the covered task. The atmospheric corrosion inspection was conducted by two individuals, neither of whom were qualified to perform the covered task at that time.

3. § 195.573 What must I do to monitor external corrosion control?

(a) *Protected pipelines.* You must do the following to determine whether cathodic protection required by this subpart complies with § 195.571:

(1) Conduct tests on the protected pipeline at least once each calendar year, but with intervals not exceeding 15 months. However, if tests at those intervals are impractical for separately protected short sections of bare or ineffectively coated pipelines, testing may be done at least once every 3 calendar years, but with intervals not exceeding 39 months.

Harvest failed to conduct tests to determine the adequacy of cathodic protection on the subsea portion of the Northstar Liquid Pipeline at least once each calendar year, but with intervals not to exceed 15 months. The buried/submerged Northstar Liquid Pipeline is cathodically protected with galvanic anodes that are attached directly to the pipeline. There are three environments in which the buried/submerged portions of the Northstar Liquid Pipeline are located: 1) buried within the backfill used to create the manmade, artificial production island (Seal Island), which includes approximately 50 feet of pipe between the Log Cabin and the steel seawall of Seal Island; 2) buried/submerged in the offshore seabed, which includes approximately 6 miles of pipe between the steel seawall of Seal Island and the shoreline at Pt. Storkersen; and 3) buried at the Pt. Storkersen Shore Crossing, which includes approximately 100 feet of pipe between the shoreline and the below ground/above ground pipeline transition.

Each of the three environments may have different cathodic protection requirements. The 2018, 2019, and 2020 annual cathodic protection surveys determined cathodic protection pipe-to-electrolyte potentials on the buried pipeline segments at Seal Island and at Pt. Storkersen Shore Crossing. The annual cathodic protection surveys did not determine cathodic protection pipe-to-electrolyte potentials at pipeline locations representative of the buried/submerged subsea pipeline environment. In addition, the annual cathodic protection survey reports state “. . . onshore close-interval potentials were obtained . . . from the Log Cabin to the edge of Seal Island and from the vault at the RTU to the shoreline. The offshore pipelines beyond this point to Seal Island were not tested.” As such, Harvest failed to determine the adequacy of cathodic protection on the subsea portion of the Northstar Liquid Pipeline during calendar years of 2018, 2019, and 2020.

Proposed Compliance Order

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 propose a civil penalty assessment at this time.

With respect to Item 3 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Harvest Alaska, LLC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Items

With respect to Items 1 and 2 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 Enforcement Proceedings*. Please refer to this document and note the response options. 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).

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 5-2022-002-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

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

cc: PHP-60 Compliance Registry
PHP-500 D. Johnson (#21-199723)
Andrew Limmer, Vice President, Harvest Alaska, LLC
Harold Colgrove, Integrity and Regulatory Compliance Manager, Harvest Alaska, LLC

PROPOSED COMPLIANCE ORDER

Pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Harvest Alaska, LLC a Compliance Order incorporating the following remedial requirements to ensure the compliance of Harvest Alaska, LLC with the pipeline safety regulations:

- A. In regard to Item 3 of the Notice pertaining to the failure to conduct tests to determine the adequacy of cathodic protection on the subsea portion of the Northstar Liquid Pipeline at least once each calendar year, but with intervals not to exceed 15 months, Harvest Alaska, LLC must develop a plan and schedule for determining the adequacy of cathodic protection at pipeline locations representative of the buried/submerged subsea pipeline environment. In addition, the plan must address periodic close interval potential surveys for assessing the effectiveness of the subsea pipeline's cathodic protection system. The plan and schedule must be submitted, for approval, to Dustin Hubbard, Director, Western Region, PHMSA, within **45** days of receipt of the Final Order.
- B. It is requested that Harvest Alaska, LLC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Dustin Hubbard, Director, Western Region, PHMSA. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.