

June 13, 2023

VIA ELECTRONIC MAIL TO: glalicker@hilcorp.com

Greg Lalicker
Chief Executive Officer
Hilcorp North Slope, LLC
3800 Centerpoint Drive, Suite 1400
Anchorage, Alaska 99503

Re: CPF No. 5-2022-006-NOPV

Dear Mr. Lalicker:

Enclosed please find the Final Order issued in the above-referenced case. It withdraws one of the allegations of violation, makes a finding of violation, and finds that Hilcorp North Slope, LLC has completed the actions specified in the Notice to comply with the pipeline safety regulations. Therefore, this case is now closed. Service of the Final Order by e-mail is effective upon the date of transmission and acknowledgement of receipt as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure (Final Order)

cc: Mr. Dustin Hubbard, Director, Western Region, Office of Pipeline Safety, PHMSA
Mr. Luke Saugier, Senior Vice President, Alaska, Hilcorp North Slope, LLC,
lsaugier@hilcorp.com
Mr. Ben Wasson, P.E., Pipeline Risk and Compliance Manager, Hilcorp North Slope, LLC,
bwasson@hilcorp.com

Ms. Cindy Monnin, P.E., Director of Integrity, Alaska, Hilcorp North Slope, LLC,
cmonnin@hilcorp.com

CONFIRMATION OF RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

In the Matter of

Hilcorp North Slope, LLC,

Respondent.

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CPF No. 5-2022-006-NOPV

FINAL ORDER

From August 2 through September 2, 2021, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), inspected the procedures and records of Hilcorp North Slope, LLC's (Hilcorp or Respondent) Lisburne Pipeline, Greater Prudhoe Bay Pipeline (NGL Pipeline), and Oil Transit Lines-North Slope Pipeline (OTL Pipeline) near Prudhoe Bay, Alaska. Hilcorp operates pipelines throughout the United States, including in Alaska, Texas, and Louisiana. Hilcorp is the largest pipeline operator and gas supplier in Alaska.¹

As a result of the inspection, the Director, Western Region, OPS (Director), issued to Respondent, by letter dated September 7, 2022, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Hilcorp had committed two violations of 49 C.F.R. Part 195 and proposed ordering Respondent to take certain measures to correct the alleged violations. The Notice also included an additional two warning items pursuant to 49 C.F.R. § 190.205, which warned the operator to correct the probable violations or face possible future enforcement action.

After requesting and receiving an extension of time to respond, Hilcorp responded to the Notice with three letters, one on October 6, 2022, and two on November 4, 2022 (Response). Respondent contested Item 1 and offered additional information in response to the Notice and proposed compliance order. On Item 1 only, Respondent requested a hearing and an informal conference. Western Region and Respondent held the informal conference on February 28, 2023. Respondent withdrew its hearing request on Item 1 on June 6, 2023. Respondent did not request a hearing on the other items and therefore has waived its right to one.

¹ Hilcorp website, available at <https://www.hilcorp.com/about-us/fact-sheets/> (last accessed June 7, 2023).

FINDING OF VIOLATION

The Notice alleged that Respondent violated 49 C.F.R. Part 195, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.208, which states:

§ 195.208 Welding of supports and braces.

Supports or braces may not be welded directly to pipe that will be operated at a pressure of more than 100 p.s.i. (689 kPa) gage.

The Notice alleged that Respondent violated 49 C.F.R. § 195.208 by operating the Lisburne Pipeline at more than 100 psig with supports welded directly to pipe. Specifically, the Notice alleged that the Lisburne Pipeline did not meet the definition of a low-stress pipeline and should have been subject to 49 CFR Part 195 and the Subpart D Construction requirements for welding of supports and braces at the time of construction. The Notice stated that Western Region issued a Warning Letter on this issue to the prior operator, CPF No. 5-2019-6011W.

In its Response, Hilcorp contested Item 1. Hilcorp raised several arguments, including whether construction of the Lisburne Pipeline, and associated welded supports at issue, began prior to October 21, 1985, and is therefore not subject to the Part 195 design and construction requirements, as excepted in § 195.401(c)(3) for intrastate pipelines. Hilcorp discussed this item with Western Region during the informal conference and provided additional documentation regarding the date of its construction.

As stated in § 195.401(c)(3), the Part 195 design and construction requirements, which includes § 195.208, apply to all intrastate pipelines, other than low-stress pipelines, on which construction began after October 20, 1985. The information Hilcorp provided at the informal conference showed that Lisburne Pipeline is an intrastate hazardous liquid pipeline that began construction *before* October 20, 1985. Since Hilcorp began construction before October 20, 1985, on the Lisburne Pipeline, the prohibitions in § 195.208 do not apply.

In a recommendation for final action submitted pursuant to § 190.209(b)(7), the Director recommended withdrawing the alleged violation of § 195.208. Based upon the foregoing, I hereby order that Item 1 be withdrawn.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 195.214(a), which states:

§ 195.214 Welding procedures.

(a) Welding must be performed by a qualified welder or welding operator in accordance with welding procedures qualified under section 5, section 12, Appendix A or Appendix B of API Std 1104 (incorporated by reference, *see* § 195.3), or Section IX of the ASME Boiler and Pressure Vessel Code (ASME BPVC) (incorporated by reference, *see* § 195.3). The quality of the test welds used to qualify the welding procedures must be determined by destructive testing.

The Notice alleged that Respondent violated 49 C.F.R. § 195.214(a) by failing to properly qualify the welding procedure used during installation of a non-pressure containing sleeve on the NGL Pipeline. Specifically, the Notice alleged that the welding procedure qualification record (PQR) was based on a previous welding procedure. At least one essential variable (speed of travel) changed between the previous and current version of the welding procedure. API Std 1104 requires a welding procedure to be requalified when any essential variables are changed. The Notice alleged that Hilcorp failed to requalify this procedure before installing the non-pressure containing sleeve on the NGL Pipeline.

In its Response, Hilcorp did not contest Item 2 but described actions taken to satisfy the proposed compliance order, and I address those actions below.

Accordingly, after considering all of the evidence, I find that Respondent violated 49 C.F.R. § 195.214(a) by failing to properly qualify the welding procedure used during installation of a non-pressure containing sleeve on the NGL Pipeline.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 1 and 2 in the Notice for violations of 49 C.F.R. §§ 195.208 and 195.214(a), respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. As discussed above, Item 1 has been withdrawn. Therefore, the compliance terms proposed in the Notice for that Item are not included in this Order. The Director indicates that Respondent has taken the following actions specified in the proposed compliance order:

1. With respect to the violation of § 195.214(a) (**Item 2**), Respondent has qualified the welding procedure used to install the non-pressure containing sleeve on the NGL Pipeline and conducted laboratory testing on the welds created with the unqualified procedure. The Director indicated the laboratory test results were satisfactory with respect to weld integrity.

Accordingly, I find that compliance has been achieved with respect to this violation. Therefore, the compliance terms proposed in the Notice are not included in this Order.

WARNING ITEMS

With respect to Items 3 and 4, the Notice alleged probable violations of Part 195, but identified them as warning items pursuant to § 190.205. The warnings were for:

49 C.F.R. § 195.402(a) **(Item 3)** — Respondent’s alleged failure to follow its procedures for recording information identified during right-of-way inspections; and

49 C.F.R. § 195.452(i)(3) **(Item 4)** — Respondent’s alleged failure to evaluate the capability of leak detection means on the NGL Pipeline, so that it could modify, as necessary, to protect the high consequence areas.

Hilcorp presented information in its Response suggesting that it had taken certain actions to address the warning items, such as revising its procedures and forms and implementing new tools to improve its record keeping from right-of-way inspections and formalizing the findings of its leak detection evaluation and installing a new leak detection system. If OPS finds a violation of any of these items in a subsequent inspection, Respondent may be subject to future enforcement action.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

June 13, 2023

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Date Issued