

NOTICE OF AMENDMENT

VIA ELECTRONIC MAIL:

March 24, 2023

Raymond Latchem - ray@norgasco.com
President
Norgasco, Inc
4341 B Street Suite 306
Anchorage, AK

CPF 5-2023-017-NOA

Dear Mr. Latchem,

From May 7 through May 11, 2022, and September 27 through September 30, 2022, a representative from the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code inspected Norgasco Inc. (Norgasco or Operator), procedures for the natural gas distribution system in Deadhorse, Alaska.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Norgasco Inc plans or procedures, as described below:

- 1. § 192.507 Test requirements for pipelines to operate at a hoop stress less than 30 percent of SMYS and at or above 100 p.s.i. (689 kPa) gage.**
Except for service lines and plastic pipelines, each segment of a pipeline that is to be operated at a hoop stress less than 30 percent of SMYS and at or above 100 p.s.i. (689 kPa) gage must be tested in accordance with the following:
(a) The pipeline operator must use a test procedure that will ensure discovery of all potentially hazardous leaks in the segment being tested.

Norgasco had insufficient and non-segment specific procedures to pressure/leak test the pipeline segments from the Hilcorp Tie-in at Flow Station 1 (Prudhoe Bay, AK) to Norgasco Skid 1

(approximately two miles north of Deadhorse, AK), and from Skid 1 to Skid 2 (located in Deadhorse, AK), as required by § 192.507(a).

2. **§ 192.605 Procedural manual for operations, maintenance, and emergencies.**

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

Norgasco's manual for operations, maintenance, and emergencies (O&M) did not include a written procedure to operate the bypass on Skid 1. Norgasco's pipeline was configured so that valves 7, 20, and F310 are required to be operated during the condition of the failure of regulator F627 in order to bypass the regulator. To ensure that the downstream pressure limit is not exceeded or that the pressure safety valve (PSV) does not relieve during operation of the bypass, Norgasco must have a written procedure to ensure the safe operation of the pipeline during manual valve operation.

In addition, Norgasco's O&M manual did not include a written procedure for the operation of bypass valve 15. Opening this valve would bypass the pressure-limiting device and would result in a PSV release.

Finally, Norgasco's O&M manual did not include written procedures to ensure that ice did not accumulate around the valve stem in the riser above each underground plastic main-line valve to ensure the valves were operable. In particular:

- The Operator did not have a methodology to check if water has accumulated above the valve stem.
- The Operator did not have a methodology to pump out any water that accumulated via intrusion or condensation.
- The Operator stated they added anti-freeze, but did not have a procedure that reflected this practice of adding anti-freeze to plastic main-line valve access risers to prevent water present from freezing.
- The Operator did not have a procedure to melt any ice built up above the valve stem.

Ensuring adequate operation of distribution valves is especially imperative in the unique Arctic environment of the Operator's distribution system. During PHMSA's field inspection, the cover for valve station 2a was frozen to the ground, and the Operator could not remove it to access the valve. The Operator stated that if they needed access to that valve, they would bring a jackhammer from the shop to break up the ice around the base. This valve was not immediately operable.

3. **§ 192.605 Procedural manual for operations, maintenance, and emergencies.**
 - (a)
 - (b) ***Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.**
 - (1)
 - (5) **Starting up and shutting down any part of the pipeline in a manner designed to assure operation within the MAOP limits prescribed by this part, plus the build-up allowed for operation of pressure-limiting and control devices.**

The Norgasco Operations and Maintenance Manual did not state the allowable PSV build-up over MAOP.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. 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. 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, revised procedures, or a request for a hearing under §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 an Order Directing Amendment. If your plans or procedures are found inadequate, as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within **90** days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested that Norgasco Inc. maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Dustin Hubbard, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 5-2023-017-NOA**, and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

DUSTIN B
HUBBARD

Digitally signed by
DUSTIN B HUBBARD
Date: 2023.03.24
07:47 38 -06'00'

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

Enclosure: Response Options for Pipeline Operators in Enforcement Proceedings

Cc: Chris Lyon, PHMSA (21-207466)
Bret Bartholomy, Norgasco, (bret@norgasco.com)