October 14, 2025

<u>VIA ELECTRONIC MAIL TO: Massimo.insulla@eni.com; lsaugier@hilcorp.com</u>

Massimo Insulla
President and Chief Executive Officer
Eni US Operating Co., Inc.
1200 Smith Street, Suite 1700
Houston, Texas 77002

Luke Saugier
Senior Vice President
Hilcorp Alaska, LLC
3800 Centerpoint Drive, Suite 1400
Anchorage, Alaska 99503

CPF No. 5-2023-019-NOPV

Dear Mr. Insulla and Mr. Saugier:

Enclosed please find a Consent Order incorporating the terms of the Consent Agreement between the Pipeline and Hazardous Materials Safety Administration (PHMSA), Eni US Operating Co., Inc., and Hilcorp Alaska, LLC, which was executed on October 7, 2025. Service of the Consent Order and Consent Agreement by electronic mail is deemed effective upon the date of transmission and acknowledgement of receipt, or as otherwise provided under 49 CFR § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Linda Daugherty
Acting Associate Administrator
for Pipeline Safety

Enclosure: Consent Order and Consent Agreement

cc: Dustin Hubbard, Director, Western Region, Office of Pipeline Safety, PHMSA
Anthony Neiser, Esq., Eni US Operating Co. Inc., Anthony.Neiser@eni.com

D. Hobie Temple, Esq., Hilcorp Alaska, LLC, hobie.temple@hilcorp.com
James Curry, Esq., Babst Calland, jcurry@babstcalland.com

<u>CONFIRMATION OF RECEIPT REQUESTED</u>

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

In the Matter of	)	
Eni US Operating Co., Inc., Respondent,	)	**CPF No. 5-2023-019-NOPV**
And	)	
Hilcorp Alaska, LLC.	)	

CONSENT ORDER

By letter dated December 27, 2023, pursuant to 49 CFR § 190.207, the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), issued a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice) to Eni US Operating Co., Inc. (Eni or Respondent) after an inspection of its then owned Nikaitchuq hazardous liquid pipeline assets located in Prudhoe Bay, Alaska (Subject Facilities).

Eni responded to the Notice via letter dated January 25, 2024 (Response). In its Response, Eni did not contest the underlying violations alleged in the Notice, but did contest the assessment of a civil penalty. Eni provided two supplemental replies to the Notice regarding the proposed compliance order via letters dated March 22, 2024 (Supplemental Response) and June 21, 2024 (Second Supplemental Response).

Hilcorp Alaska, LLC (Hilcorp Alaska or Company) acquired the Subject Facilities from Eni on November 1, 2024. Since then, Hilcorp Alaska and PHMSA have met on two occasions to discuss the Notice and potential actions to address the proposed compliance order items not satisfied through Eni's Supplemental Responses. As a result of those discussions, PHMSA, Eni, and Hilcorp Alaska (collectively, the Parties) have agreed to a Consent Agreement by which PHMSA makes findings of violations as alleged in the Notice, Eni will pay a civil penalty in the amount of **$61,100**, and Hilcorp Alaska will complete certain compliance actions.

Accordingly, the Consent Agreement is hereby approved and incorporated by reference into this Consent Order issued pursuant to section 190.219. Eni and Hilcorp Alaska are hereby ordered to comply with the terms of the Consent Agreement pursuant to its terms. Pursuant to 49 U.S.C. § 60101, *et seq*., failure to comply with this Consent Order may result in the assessment of civil penalties as set forth in 49 U.S.C. § 60122 and 49 CFR § 190.223, or in referral to the Attorney General for appropriate relief in a district court of the United States.

The terms and conditions of this Consent Order are effective upon service in accordance with 49 CFR § 190.5.

__________________________ __________________________

Linda Daugherty
Acting Associate Administrator
for Pipeline Safety

Date Issued

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

In the Matter of	)	
	)	
Eni US Operating Co., Inc.,	)	**CPF No. 5-2023-019-NOPV**
Respondent,	)	
	)	
And	)	
	)	
Hilcorp Alaska, LLC.	)	

CONSENT AGREEMENT

From April 25, through April 29, 2022, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of Title 49, United States Code (U.S.C.), conducted an on-site pipeline safety inspection of the Nikaitchuq hazardous liquid pipeline assets located in Prudhoe Bay, Alaska (Subject Facilities), then owned and operated by Eni US Operating Co. Inc. (Eni or Respondent).[1]

As a result of the inspection, the Director, Western Region, OPS (Director), issued to Eni, by letter dated December 27, 2023, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice), which also included two warnings pursuant to 49 CFR § 190.205. In accordance with 49 CFR § 190.207, the Notice proposed finding that Eni committed violations of seven provisions of 49 CFR Part 195 (Items 3, 4, 5, 6, 7, 8, 9), proposed ordering Respondent to take certain measures to correct the alleged violations, and proposed assessing a civil penalty of $65,900 for the alleged violation in Item 4. Other probable violations (Items 1, 2) were brought as warnings and Eni was advised to correct the probable violations or face potential future enforcement action.

Eni responded to the Notice by letter dated January 25, 2024 (Response). In its Response, Eni did not contest the alleged underlying violations, but did contest the assessment of a civil penalty. Eni also provided additional information regarding each Item. Eni submitted documentation to PHMSA demonstrating its progress on the Proposed Compliance Order (PCO) items in a supplemental response dated March 22, 2024 (Supplemental Response). Eni submitted another response addressing Items 3, 4, and 5 of the PCO on June 21, 2024 (Second Supplemental Response). Since acquiring the subject assets from Eni, Hilcorp Alaska, LLC

[1] Hilcorp Alaska, LLC acquired the Subject Facilities on November 1, 2024.

(Hilcorp Alaska or Company) and PHMSA have met on two occasions to discuss the Notice and potential actions to address the compliance order items that had not been satisfied through the Supplemental Responses. As a result of this correspondence and discussions, and as explained in more detail below, PHMSA, Eni and Hilcorp Alaska (collectively, the Parties) have agreed to a Consent Agreement by which PHMSA makes findings of violation for each of the Items alleged in the Notice, Eni will pay a civil penalty of **$61,100**, and Hilcorp Alaska will complete certain compliance actions.

Having agreed that settlement of this proceeding will avoid further administrative proceedings or litigation and will serve the public interest by promoting safety and protection of the environment, pursuant to 49 U.S.C. § 60101, *et seq.* and 49 CFR Part 190, and upon consent and agreement, the Parties hereby agree as follows:

I. General Provisions

1. Respondent acknowledges that as the former operator of the pipeline facilities subject to the Notice, Respondent and the pipeline facilities referenced in the Notice are subject to the jurisdiction of the Federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations and administrative orders issued thereunder. For purposes of this Consent Agreement (Agreement), Respondent acknowledges that it received proper notice of PHMSA's action in this proceeding and that the Notice states claims upon which relief may be granted pursuant to 49 U.S.C. § 60101, *et seq.*, and the regulations and orders issued thereunder.

2. Hilcorp Alaska acknowledges that as the current operator of the Subject Facilities, the Company and the pipeline facilities referenced in the Notice are subject to the jurisdiction of the Federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations and administrative orders issued thereunder.

3. The Parties agree that all warnings and findings of violation in this Agreement are made as to Eni, as the operator of the Subject Facilities at the time the allegations occurred. The Parties further agree that findings as to Hilcorp Alaska are limited to its obligations to satisfy the compliance terms in Section V of this Agreement.

4. After Respondent and Hilcorp Alaska return this signed Agreement to PHMSA, the Agency's representative will present it to the Acting Associate Administrator for Pipeline Safety, recommending that the Acting Associate Administrator adopt the terms of this Agreement by issuing an administrative order (Consent Order) incorporating the terms of this Agreement. The terms of this Agreement constitute an offer of settlement until accepted by the Acting Associate Administrator. Once accepted, the Acting Associate Administrator will issue a Consent Order incorporating the terms of this Agreement.

5. Respondent and Hilcorp Alaska consent to the issuance of the Consent Order and hereby waive any further procedural requirements with respect to its issuance. Respondent and Hilcorp Alaska waive all rights to contest the adequacy of notice, or the validity of the Consent Order or this Agreement, including all rights to administrative or judicial hearings or appeals, except for the Dispute Resolution provisions set forth herein.

6. This Agreement shall apply to and be binding upon PHMSA, Respondent, and Hilcorp Alaska and their respective officers, directors, and employees, and their successors, assigns, or other entities or persons otherwise bound by law. Respondent and Hilcorp Alaska agree to provide copies of this Agreement and any incorporated work plans and schedules to all their officers, employees, and agents whose duties might reasonably include compliance with this Agreement.

7. This Agreement constitutes the final, complete, and exclusive agreement and understanding between the Parties with respect to the settlement embodied in this Agreement. The Parties acknowledge that there are no representations, agreements or understandings relating to settlement other than those expressly contained in this Agreement, except that the terms of this Agreement may be construed by reference to the Notice.

8. Nothing in this Agreement affects or relieves Hilcorp Alaska of its responsibility to comply with all applicable requirements of the Federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations and orders issued thereunder. Nothing in this Agreement alters PHMSA's right of access, entry, inspection, and information gathering or PHMSA's authority to bring enforcement actions against Hilcorp Alaska pursuant to the Federal pipeline safety laws, the regulations and orders issued thereunder, or any other provision of Federal or State law.

9. For all transfers of ownership or operating responsibility of Hilcorp Alaska's pipeline assets referenced in the Notice, Hilcorp Alaska will provide a copy of this Agreement to the prospective transferee at least 30 days prior to such transfer. Hilcorp Alaska will provide written notice of the transfer to the Director no later than 60 days after the transfer occurs.

10. This Agreement does not waive or modify any Federal, State, or local laws or regulations that are applicable to Hilcorp Alaska's pipeline systems. This Agreement is not a permit, or a modification of any permit, under any Federal, State, or local laws or regulations. Hilcorp Alaska remains responsible for achieving and maintaining compliance with all applicable Federal, State, and local laws, regulations, and permits.

11. This Agreement does not create rights in, or grant any cause of action to, any third party not party to this Agreement. The U.S. Department of Transportation is not liable for any injuries or damages to persons or property arising from acts or omissions of the Parties, or their officers, employees, or agents conducting the work required by this Agreement. Respondent and Hilcorp Alaska agree to hold harmless the U.S. Department of Transportation, its officers, employees, agents, and representatives from any and all causes of action arising from any acts or omissions of Respondent and Hilcorp Alaska or their contractors in carrying out any work required by this Agreement.

12. Except as set forth herein, this Agreement does not constitute a finding of violation of any other federal law or regulation and may not be used in any civil proceeding of any kind as evidence or proof of any fact, fault or liability, or as evidence of a violation of any law, rule, regulation, or requirement, except in a proceeding to enforce the provisions of this Agreement or in future PHMSA enforcement actions.

II. Warning Items as to Eni:

13. ***Item 1 - 49 CFR §§ 195.310(b)(2),(4), and (7)***: The Notice alleged that Eni failed to maintain proper documentation of a hydrotest performed in 2021. Eni did not contest this Item in its Response. This Item was brought as a Warning Item and does not constitute a finding of violation. Respondent accepts the warning as alleged in the Notice.

14. ***Item 2 - 49 CFR § 195.402(a)***: The Notice alleged that Eni did not adequately document review of its O&M manual. Eni did not contest this Item in its Response. This Item was brought as a Warning Item and does not constitute a finding of violation. Respondent accepts the warning as alleged in the Notice.

15. For Warning Items 1 and 2, if OPS finds a violation of these provisions in a subsequent inspection, Hilcorp Alaska may be subject to future enforcement action.

III. Findings of Violation as to Eni:

16. ***Item 3 - 49 CFR § 195.420(a)***: The Notice alleged that Eni failed to properly maintain a pair of shut down valves on the 10-inch sales oil pipeline and the 2-inch diesel pipeline (KPP01-SDV-12021 and D2P03-SDV-53601, respectively). Eni did not contest the allegation of violation in Item 3 of the Notice. As such, PHMSA finds that Eni violated 49 CFR § 195.420(a). After the acquisition, Hilcorp Alaska conducted inspections and maintenance of both valves. The Company provided records of these recent inspections and maintenance activities to demonstrate that these valves have been inspected and are in good working order. Hilcorp Alaska has satisfactorily fulfilled the requirements of the proposed compliance order for this Item. No further action is necessary as it relates to this Item.

17. ***Item 4 - 49 CFR § 195.452(f)(3)***: The Notice alleged that Eni failed to integrate all available information in its 2021 risk analysis for the 2-inch diesel line and 10-inch sales oil line, prepared in relation to its Integrity Management Program. Eni did not contest this allegation of violation. As such, PHMSA finds that Eni violated 49 CFR § 195.452(f)(3). Eni later submitted updated risk analysis information, which PHMSA found adequate to satisfy the requirements of the related PCO. No further compliance action is necessary as it relates to this Item.

18. ***Item 5 - 49 CFR § 195.452(h)(1)***: The Notice alleged that Eni failed to take prompt action to address an anomalous condition on its 10-inch sales line. Specifically, the Notice alleged that the line was at times partially submerged at a cased road crossing and subject to potential corrosion as a result. Eni did not contest this allegation of violation. As such, PHMSA finds that Eni violated 49 CFR § 195.452(h)(1).

19. ***Item 6 – 49 CFR § 195.452(I)(1)(ii)***: The Notice alleged that Eni failed to document certain decisions and analysis it made with respect to recommended preventative and mitigative measures when implementing its Integrity Management Program. Eni did not contest this allegation of violation. As such, PHMSA finds that Eni violated 49 CFR § 195.452(I)(1)(ii).

Eni submitted updated information on its Integrity Management Program, which PHMSA found adequate to satisfy the requirements of the related PCO. No further compliance action is necessary as it relates to this Item.

20. ***Item 7 – 49 CFR §§ 195.503(a) and (b)***: The Notice alleged that Eni failed to ensure through evaluation that individuals performing certain valve-related covered tasks were qualified. Eni did not contest this allegation of violation. As such, PHMSA finds that Eni violated 49 CFR §§ 195.503(a) and (b). Eni submitted updated operator qualification information, which PHMSA found adequate to satisfy the requirements of the related PCO. No further compliance action is necessary as it relates to this Item.

21. ***Item 8 – 49 CFR § 195.505(h)***: The Notice alleged that Eni qualified personnel without adequate documentation to demonstrate adherence to its procedure for completing operator qualification evaluations remotely. Eni did not contest this allegation of violation. As such, PHMSA finds that Eni violated 49 CFR § 195.505(h). Eni submitted additional and clarifying information on its operator qualification program, which PHMSA found adequate to satisfy the requirements of the related PCO. No further compliance action is necessary as it relates to this Item.

22. ***Item 9 – 49 CFR § 195.555***: The Notice alleged that Eni failed to require and verify that supervisors maintain a thorough knowledge of their corrosion control procedures. Eni did not contest this allegation of violation. As such, PHMSA finds that Eni violated 49 CFR § 195.555. Eni submitted signed records documenting the required knowledge base of supervisors, which PHMSA found adequate to satisfy the requirements of the related PCO. No further compliance action is necessary as it relates to this Item.

23. Item 3, 4, 5, 6, 7, 8, and 9 will be considered by PHMSA as prior offenses in any future PHMSA enforcement action taken against Eni.

IV. <u>Civil Penalty as to Eni:</u>

24. ***Item 4 - 49 CFR § 195.452(f)(3)***: The Notice also proposed a civil penalty of $65,900 for the alleged violation in Item 4. PHMSA later adjusted the penalty to $61,100 due to a change in policy.[2] While Eni originally contested the proposed civil penalty, for the purposes of this Agreement Eni agrees to pay the adjusted civil penalty of **$61,100.**

25. Eni will pay a total civil penalty in the amount of $61,100 pursuant to the payment instructions of 49 CFR § 190.227(a), to be paid in full no later than 30 days from the ***Effective Date*** of this Agreement.

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[2] PHMSA, via letter dated June 3, 2025, notified Eni and Hilcorp Alaska that its new proposed civil penalty calculation policy reduces the proposed civil penalty from $65,900 to $61,100.

V. <u>Compliance Terms as to Hilcorp Alaska</u>:

26. ***Item 5 - 49 CFR § 195.452(h)(1)***: The Notice proposed certain compliance order actions to address the non-compliance alleged in the Notice. Hilcorp Alaska and PHMSA discussed this Item and Hilcorp Alaska provided additional information regarding the subject pipeline crossing. Hilcorp Alaska agrees to undertake the following corrective measures regarding this Item.

i. Within ten (10) business days of entry of the Settlement Agreement, prepare a summary report, using conservative assumptions and data from relevant operational experience on the 10-inch sales line and other similar North Slope pipelines, estimating the corrosion growth rates for potential external features at the 10-inch sales line crossing.

ii. Include an evaluation of the external corrosion threat on the 10-inch sales line at the crossing in its next risk analysis prepared pursuant to the Integrity Management program. Within the evaluation, indicate if any recent seasonal flooding was observed and the duration of time the water was contacting the pipeline. Within ninety (90) days of completion of that risk analysis, provide a summary of the results, specifically with regard to the external corrosion threat at the crossing.

iii. Within sixty (60) days of providing the summary report in paragraph (ii), provide a report indicating whether the findings of the risk analysis warrant any adjustment of the ILI assessment interval for the 10-inch sales line, currently planned for June 2027.

VI. <u>Enforcement</u>:

27. This Agreement is subject to all enforcement authorities available to PHMSA under 49 U.S.C. § 60101, *et seq*., and 49 CFR Part 190, including administrative civil penalties under 49 U.S.C. § 60122, of up to $272,926 per violation for each day the violation continues and referral of the case to the Attorney General for judicial enforcement, if PHMSA determines that Respondent or Hilcorp Alaska has not complied with its respective obligations under this Agreement in accordance with the determinations made by the Director, or in accordance with decisions of the Associate Administrator if resolved pursuant to the Dispute Resolution process herein. In no event will a Party be subject to enforcement actions or penalties related to the failure of the other Party to fulfill its obligations under this Agreement. The maximum civil penalty amounts are adjusted annually for inflation. *See* 49 CFR § 190.223. All corrective measures and associated schedules set forth or referenced in Section V (Compliance Terms) are automatically incorporated into this Agreement and are enforceable in the same manner.

VII. <u>Review and Approval Process</u>:

28. With respect to any submission under Section V (Compliance Terms) of this Agreement that requires the approval of the Director, the Director may: (a) approve, in whole or in part, the submission; (b) approve the submission on specified, reasonable conditions; (c) disapprove, in whole or in part, the submission; or (d) any combination of the foregoing. If the Director approves, approves in part, or approves with conditions, Hilcorp Alaska will take all

actions as approved by the Director, subject to Hilcorp Alaska's right to invoke the dispute resolution procedures with respect to any conditions the Director identifies. If the Director disapproves all or any portion of the submission, the Director will provide the Parties written notice of the deficiencies. Hilcorp Alaska will correct all deficiencies within the time specified by the Director and resubmit for approval.

VIII. **Dispute Resolution**:

29. The Director and the Parties will informally attempt to resolve any disputes arising under this Agreement, including any decision of the Director under the terms of Section V (Compliance Terms). If the Parties and the Director are unable to informally resolve the dispute within 15 calendar days after the dispute is first raised, in writing, to the Director, the Parties may submit a written request for a determination resolving the dispute from the Associate Administrator. Such request must be made in writing and provided to the Director, counsel for the Western Region, and to the Associate Administrator, no later than 10 calendar days from the 15-day deadline for informal resolution referenced in this paragraph. Along with its request, the Parties must provide the Associate Administrator with all information it believes is relevant to the dispute. Decisions of the Associate Administrator under this paragraph will constitute final agency action. The existence of a dispute and PHMSA's consideration of matters placed in dispute will not excuse, toll, or suspend any term or timeframe for completion of any work to be performed under this Agreement during the pendency of the dispute resolution process, except as agreed by the Director or Associate Administrator in writing.

IX. **Effective Date**:

30. The term ***"Effective Date,"*** as used herein, is the date on which the Consent Order is issued by the Associate Administrator incorporating the terms of this Agreement.

X. **Recordkeeping and Information Disclosure**:

31. Unless otherwise required in this Agreement, Hilcorp Alaska agrees to maintain records demonstrating compliance with all requirements of this Agreement for a period of at least five (5) years following completion of all work to be performed, unless a longer period of time is required pursuant to 49 CFR parts 190-199. For any reports, plans, or other deliverables required to be submitted to PHMSA pursuant to this Agreement, Hilcorp Alaska may assert a claim of business confidentiality or other protections applicable to the release of information by PHMSA, covering part or all of the information required to be submitted to PHMSA pursuant to this Agreement in accordance with 49 CFR Part 7. Hilcorp Alaska must mark the claim of confidentiality in writing on each page and include a statement specifying the grounds for each claim of confidentially. PHMSA determines release of any information submitted pursuant to this Agreement in accordance with 49 CFR Part 7, the Freedom of Information Act, 5 U.S.C. § 552, DOT and PHMSA policies, and other applicable regulations and Executive Orders.

XI. **Modification**:

32. The terms of this Agreement may be modified by mutual agreement of the Parties. Such modifications must be in writing and signed by PHMSA, Respondent, and Hilcorp Alaska.

XII. <u>Termination</u>:

33. This Agreement will remain in effect until the Civil Penalty in Section IV and the Compliance Terms in Section V are satisfied, as determined by the Director. The Agreement shall not terminate until the Director confirms, in writing, that the Agreement is terminated in accordance with this paragraph. Nothing in this Agreement prevents Eni and Hilcorp Alaska from completing any of their obligations earlier than the deadlines provided for in this Agreement.

XIII. <u>Ratification</u>:

34. The Parties' undersigned representatives certify that they are fully authorized to enter into the terms and conditions of this Agreement and to execute and legally bind such party to this document.

35. The Parties hereby agree to all findings, conditions, and terms of this Agreement.

[Signature Lines on Following Page]

For Hilcorp Alaska:

____
Luke Saugier, Senior Vice President

____
Date

For Eni:

____
Massimo Insulla, President and CEO

____
Date

For PHMSA:

____
Director, Western Region, Office of Pipeline Safety

____
Date