



eni us operating

eni us operating co. inc.
3700 Centerpoint Dr., Suite 500
Anchorage, AK 99503
Tel. 907-865-3300

January 25, 2024

U.S. Department of Transportation
Pipeline and Hazardous Materials Safety Administration
Attn: Dustin B. Hubbard
Director, Western Region, Office of Pipeline Safety
12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

Sent via electronic mail to: Dustin Hubbard

Re: Response to Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order,
CPF 5-2023-019-NOPV and CPF 5-2023-018-NOA

Dear Mr. Hubbard:

This document is in response to the subject notice, dated December 27, 2023, pertaining to results from the onsite inspection performed from April 25 through 29, 2022.

Eni US Operating Co., Inc. (Eni) has considered and acted on the issues noted by the inspectors in the preliminary finding document, as well as the Notice of Probable Violation and Notice of Amendment. In this response, Eni here after respectfully presents information and documentation to demonstrate our commitment to operating in compliance with DOT pipeline regulations. Each item in the Notice of Probable Violation and Notice of Amendment is addressed separately, providing Eni's response and additional documentation. Eni has chosen to respond to all the items in the notice, including the items designated as warnings.

Eni is currently preparing the requested documentation outlined in the PHMSA Proposed Compliance Order and expects to respond within the set deadlines and we remain entirely available for any further questions you may have.

Sincerely,



Massimo Insulla
Eni US President/CEO

Attachment: Eni US Operating Co., Inc. (Eni) Response to CPF 5-2023-019-NOPV and CPF 5-2023-018-NOA

ATTACHMENT
Eni US Operating Co., Inc (ENI) Response to
CPF 5-2023-019-NOPV and CPF 5-2023-018-NOA

Introduction	2
Item 1 (Warning)	3
Item 2 (Warning)	6
Item 3 (Proposed Compliance Order)	8
Item 4 (Proposed Compliance Order)	9
Item 5 (Proposed Compliance Order)	11
Item 6 (Proposed Compliance Order)	13
Item 7 (Proposed Compliance Order)	14
Item 8 (Proposed Compliance Order)	16
Item 9 (Proposed Compliance Order)	18
Notice of Amendment Item 1	21
Notice of Amendment Item 2	22
Notice of Amendment Item 3	25

Introduction

In this document, Eni US Operating Co., Inc. (Eni) addresses each of the issues identified in CPF 5-2023-019-NOPV and CPF 5-2023-018-NOA. The information included in the sections titled Regulatory Reference, Applicable Pipelines/Documents, and Concerns are from the proposed compliance order, amendment, and associated report. Note that any exhibits mentioned in the text of the DOT concerns have not been included in this response. Eni's response for each item is included in a shaded box and are sometimes followed by an attached record.

Item 1 (Warning)

Regulatory Reference

§ 195.310 Records.

(a) ...

(b) The record required by paragraph (a) of this section must include:

(1) ...

(2) Test instrument calibration data;

(4) The date and time of the test;

(5) ...

(6) A description of the facility tested and the test apparatus;

Applicable Pipeline

Nikaitchuq Diesel Line

Concern

From CPF 5-2023-019-NOPV: "Eni US Operating Co., Inc. (Eni) failed to maintain proper documentation of a hydrotest performed in 2021. Exhibit H-1 to this NOPV is a record of the hydrotest titled D2P03 SID Subsea Diesel Line DOT Hydro 2021 completed by Udelhoven Oilfield System Services Inc. (UOSS). The Pipe Test Record (on page 27 of Exhibit H-1), showed that a gauge titled Crystal Gauge UDE7539 had a calibration due date of March 18, 2021, however, the gauge was utilized during testing to record temperature on July 8, 2021. The record reviewed did not include test instrument calibration data for Crystal Gauge UDE7539 to show that it was calibrated prior to its use on July 8, 2021. Further, on page 35 of Exhibit H-1, the Certificate of Calibration, identified Asset No. UDE7539s having a Serial No. of 567539, however page 27 of Exhibit H-1 identified the same gauge as having a serial number of UDE7539/000273. The serial numbers did not match between records, and it cannot be verified whether the gauge used in the hydrotest was calibrated.

In addition, page 8 of Exhibit H-1 indicated that blinds for Lockout Tag No. 34837 through No. 34844 were installed on July 9, 2021, and removed on July 8, 2021, however the test was completed July 8, 2021. The blinds were installed to isolate the portion of the pipeline that was being hydrotested. The order of events documented by the records did not outline a sensible order of these events. The operator either didn't describe their blind installation and lock-out/tag-out system correctly or the incorrect dates of blind installation were recorded. The operator wouldn't have been able to test the pipeline without the blinds installed to isolate that section of the pipeline.

Finally, page 27 of Exhibit H-1 showed the foreman of the hydrotest and the UOSS Inspector signed for the Spy Island Drilling (SID) segment of the test on July 9, 2021, but the test was conducted and completed on July 8, 2021."

Eni Response to Item 1

Following the audit, Eni located documentation confirming that the gauge used in the hydrotest had been calibrated prior to the test (see Item 1 Attachment: Certification of Calibration) and that the date of such test had been recorded incorrectly on the hydrotest package form.

The required integrity assessment/hydrotest was performed by qualified individuals, per the requirements of the Integrity Management Program. Prior to the next required Integrity Assessment/hydro test, Eni intends to develop a new task specific procedure that will address the audit findings.

Item 2 (Warning)

Regulatory Reference

§ 195.402

Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

Applicable Pipelines

Nikaitchuq Oil Transit Line, Nikaitchuq Diesel Line

Concern

From CPF 5-2023-019-NOPV: "The required review of the O&M manual was inadequately documented. Some procedures documented revision numbers and dates; however, several instances were discovered where signature blocks indicating acceptance of revised procedures were not completed by the required personnel. For example, shown in Exhibit B-4, a review of a procedure titled DOT Work Ticket, was completed on January 7, 2022. Exhibit B-4, Page 7/38, Certification of Procedure, demonstrated revision 01 was issued for use, however the signatures and dates for approval from the Maintenance Supervisor (David Coombes and Rick Kennedy), Production Superintendent (Stephen Dexheimer and Dan Lyden), and Maintenance Manager (Francesco Pitzailis) were absent. Exhibit B-4, Page 3/36, KPP01 Shutdown Valve, SDV-12021 Semi-Annual DOT PM Procedure was not signed, dated, and approved prior to use in the field. The procedure's inadequacy and lack of review was evidenced on Pages 21 through 25 out of 36 of Exhibit B-4. These procedural steps had both inserted text and handwritten notes entered into the "Action" columns, while other text was crossed out, indicating the procedure was a draft and not a finalized procedure. ENI did not provide an adequate procedure for field personnel to follow as evidenced in Exhibit B-4."

Eni Response to Item 2

Eni has updated the O&M manual for annual review to include a table which will be updated by the Procedure Coordinator after each annual review to improve tracking of annual reviews, updates, and approvals (see Item 2 Attachment: Annual Review Table).

Item 3 (Proposed Compliance Order)

Regulatory Reference

§ 195.420 Valve maintenance.

(a) Each operator shall maintain each valve that is necessary for the safe operation of its pipeline systems in good working order at all times.

Applicable Pipelines

Nikaitchuq Oil Transit Line, Nikaitchuq Diesel Line

Concern

From CPF 5-2023-019-NOPV: “Eni failed to maintain each valve that is necessary for the safe operation of its pipeline in good working order at all times. Specifically, the 2020 and 2023 valve inspection and maintenance records for the 10-inch Sales Oil Pipeline failed to evidence that ENI performed proper valve maintenance on its pipeline on five separate occasions.”

Eni Response to Item 3

Since the audit, Eni has migrated the management of their Preventative Maintenance (PM) program to a computer-based system. This system ensures clearer documentation of DOT valve PMs.

Item 4 (Proposed Compliance Order)

Regulatory Reference

§ 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 ...

Applicable Pipelines

Nikaitchuq Oil Transit Line, Nikaitchuq Diesel Line

Concern

From CPF 5-2023-019-NOPV: “Eni’s Sales Oil Pipeline and Nikaitchuq Diesel Pipeline are both located within high consequence areas (HCAs). ENI’s integrity management program failed to include an analysis that integrated all available information about the integrity of its Sales Oil Pipeline and its Nikaitchuq Diesel Pipeline and the consequences of a failure.

Specifically, the 2021 risk analysis (Exhibit A) for the 10-inch Sale Oil Pipeline included outdated information in 15 areas. . .

The risk analysis for ENI’s 2-inch Nikaitchuq Diesel Pipeline Risk similarly contained outdated information and therefore did not include an analysis that integrated all available information about the integrity of the pipeline and the consequences of a failure. Specifically, the records reviewed indicated outdated information was used in the risk analysis in six areas . . .”

From Pipeline Safety Violation Report: “Risk Analysis Exhibit A-11 for the Sales Oil Pipeline and the Nikaitchuq Diesel Pipeline have not been adequately updated. The 2021 risk analysis was based on a pipeline age category of "6 to 10 years", however the pipeline was commissioned in 2010. The 2021 risk analysis was based on "greater than 5 years but less than 10 years" for a pressure test conducted in 2010.”

Eni Response to Item 4

Following are dates associated with various activities related to startup of the 10" sales oil line:

- Hydro/pressure tested: April 2010
- Handed over from construction to operations (completed commissioning): January 2011
- Put into service: January 2011

Following are dates associated with various activities related to the 2" diesel line:

- Last pressure tested: July 8, 2021
- Handed over from construction to operations (completed commissioning): September 2011
- Put into service: September 2011

The software generated risk assessments for the Sales Oil Pipeline and the Diesel Pipeline were performed by a third-party contractor with the age of the pipelines provided by Eni. Eni acknowledges that the "Pipeline Age" ranges of "6-10 years" reflected in the assessments were inaccurate based upon the above dates of hydro/pressure testing, commissioning and start-up; however, we note that the subsequent risk assessments performed utilizing the accurate "Pipeline Age" range of "11-20 years" found no additional required pipeline integrity management measures.

Eni further acknowledges that the most recent pressure test of the Diesel Pipeline completed in July 2021 was inaccurately recorded in the 2021 risk assessment (completed in December) as having been conducted more than a year after such assessment. However, given that the test was actually completed earlier than the date reported in the risk assessment, such reporting inaccuracies should not have presented any risk from a pipeline integrity management perspective.

Eni respectfully disputes the characterization of the cited recording inaccuracies in Violation Report, Part E4-Nature as "Activities (examples: performance or conduct of activities/processes: inspects, tests, maintenance, meetings, notifications, reports, emergency response, not preparing procedures, not complying with a special permit, not complying with a PHMSA order or not following procedures)". Such recording inaccuracies constitute recording errors and should properly be characterized as "Records (examples: missing, inaccurate, or incomplete records)."

Following the audit, improvements to Eni's Integrity Management Program (IMP) included the formation of an IMP team that includes a representative from Engineering, Environmental, Maintenance, and Regulatory Compliance which will review each risk assessment.

Item 5 (Proposed Compliance Order)

Regulatory Reference

§ 195.452 Pipeline integrity management in high consequence areas.

(a)

(h) What actions must an operator take to address integrity issues? -

(1) *General requirements.* An operator must take prompt action to address all anomalous conditions in the pipeline that the operator discovers through the integrity assessment or information analysis. In addressing all conditions, an operator must evaluate all anomalous conditions and remediate those that could reduce a pipeline's integrity, as required by this part. An operator must be able to demonstrate that the remediation of the condition will ensure that the condition is unlikely to pose a threat to the long-term integrity of the pipeline. An operator must comply with all other applicable requirements in this part in remediating a condition. Each operator must, in repairing its pipeline systems, ensure that the repairs are made in a safe and timely manner and are made so as to prevent damage to persons, property, or the environment. The calculation method(s) used for anomaly evaluation must be applicable for the range of relevant threats.

Applicable Pipelines

Nikaitchuq Oil Transit Line, Nikaitchuq Diesel Line

Concern

From CPF 5-2023-019-NOPV: “ENI failed to take prompt action to address a known anomalous condition on its 10-inch Sales Oil Pipeline. Specifically, in June 2020, ENI retained Coffman Engineers to perform an Atmospheric Corrosion Inspection on its Nikaitchuq assets, which included the 10-inch Sales Oil pipeline. The Atmospheric Corrosion Inspection Report (Exhibit K-1) described the as found condition of the KPP Pig Receiver segment as follows: ‘[p]ipe noted to be submerged in water at road crossing nearby the KPP Pig Receiver facility. The pipe should be removed from contact with the water, if practical.’ The Atmospheric Corrosion Inspection report included two photos showing that the Sales Oil pipeline was “approximately 50 percent submerged.” The Atmospheric Corrosion Inspection Report included a recommendation that, “[i]f practical, remove the contact between the water and the sales oil pipeline near the KPP pig receiver module pad and include this section of pipe in NDT inspection programs, if implemented.” Despite this recommendation to address a known anomalous condition, ENI could not produce any documentation to show that cathodic protection was installed on the 10-inch Sales Oil pipeline, that they inspected the submerged segment, or that they performed an evaluation of the inundated pipeline insulation. ENI could not provide evidence of evaluation or remedial action taken due to the anomalous condition discovered and documented via the official Coffman Atmospheric Corrosion Inspection Report of July 3, 2020.”

From the Pipeline Safety Violation Report: “June 2020, Coffman Engineers performed an Atmospheric Corrosion Inspection on the Nikaitchuq 10-inch Sales Oil pipeline. A portion of the pipeline was noted to be submerged in standing water with photographic evidence. This

condition was specifically communicated to ENI via recommendations made by Coffman. ENI could not demonstrate any remedial or corrective action after this deficiency was discovered.”

Eni Response to Item 5

Following the Atmospheric Corrosion Inspection performed by Coffman in 2020, in 2023, Eni performed a Radiographic (RT) Inspection of the section of the Sales Oil Pipeline submerged in the water at the road crossing near the KPP Pig Receiver facility. There were no integrity issues identified. Eni also conducted an Inline Inspection (ILI) of the Sales Oil Pipeline in 2022, which also identified no required remediation actions. Based on the findings of both the RT and the ILI no remedial action was taken with respect to the submerged KPP Pig Receiver segment.

In 2024, Eni plans to perform additional pipeline integrity testing utilizing guided-wave technology testing at the road crossing, which should reveal any corrosion under the insulation/casing of the road crossing in physically inaccessible locations. Based upon previous ILI & RT inspections to-date, we do not expect to find any condition requiring remediation.

Item 6 (Proposed Compliance Order)

Regulatory Reference

§ 195.452 Pipeline integrity management in high consequence areas.

(a)

(l) What records must an operator keep to demonstrate compliance?

(1) An operator must maintain, for the useful life of the pipeline, records that demonstrate compliance with the requirements of this subpart. At a minimum, an operator must maintain the following records for review during an inspection:

(i)

(ii) Documents to support the decisions and analyses, including any modifications, justifications, deviations and determinations made, variances, and actions taken, to implement and evaluate each element of the integrity management program listed in paragraph (f) of this section.

Applicable Pipeline

Nikaitchuq Oil Transit Line

Concern

From CPF 5-2023-019-NOPV: "ENI failed to document certain decisions and analysis it made with respect to recommended preventative and mitigative measures when implementing its integrity management program. Specifically, ENI's 2018 Pipeline Integrity Evaluation for the 10-inch Sales Oil Pipeline evaluated preventive and mitigative measures (Exhibit I-1). This record included a proposal to '[i]nstall remotely controlled valves' to mitigate the amount of a possible release, and two preventative measures to '[e]stablish shorter inspection intervals' and to '[c]onduct radiography for under insulation corrosion' to prevent a possible release. Part 5 of the Pipeline Integrity Evaluation 'Approval of Recommended Measures' was a form that listed the preventive and mitigative measures that were considered, evaluated, and had boxes where the reviewer was to indicate whether the measures were approved or disapproved. The indication boxes in Part 5 were blank, without comments, and no decision was documented as to whether to accept or reject the proposed measures. The form was then approved and signed without determination of recommended measures."

Eni Response to Item 6

The Integrity Management Program has been amended to increased awareness of the necessity to complete all parts of this form and to have it reviewed by the Integrity Management Team to prevent minor documentation errors.

Item 7 (Proposed Compliance Order)

Regulatory Reference

§ 195.503 Definitions

Qualified means that an individual has been evaluated and can:

- (a) Perform assigned covered tasks and
- (b) Recognize and react to abnormal operating conditions.

Applicable Pipeline

Nikaitchuq Diesel Line

Concern

From CPF 5-2023-019-NOPV: “Eni failed to ensure through evaluation that individuals performing covered tasks were qualified. Specifically, a valve maintenance record for Shut Down Valve, D2P03-SDV-53601, on ENI’s 2-inch Diesel Pipeline (Exhibit C-1) included reference to an individual who performed the valve maintenance but was not qualified to recognize or respond to an abnormal operating condition (AOC). Valve maintenance for the 2-inch Diesel pipeline, Shut Down Valve, D2P03-SDV-53601 was considered a covered task where individuals performing the task must also be qualified to respond to any AOCs. Records did not demonstrate the individual was able to recognize or respond to an AOC while performing valve maintenance, therefore the individual was not qualified to conduct covered tasks. During the inspection, ENI produced a DOT work ticket, which stated that the ‘Covered Task 100.01-Abnormal conditions outside control room’ (Exhibit C-1) required the performance of valve maintenance by a qualified individual. The work ticket identified the name of the individual who performed the covered task, however, the qualification records for this individual did not include a qualification for covered task 100.01-Abnormal conditions outside control room.

The Employee / Tasks Qualified table for the employee who performed the valve maintenance did not list a qualification for Covered Task 100.01-Abnormal conditions outside control room at the time the record was generated on January 11, 2021. The operator could not produce records demonstrating that the employee was qualified to respond to AOCs while conducting valve maintenance on January 10, 2021.”

Eni Response to Item 7

The identified electrician was re-qualified in Abnormal Operating Conditions on July 19, 2021 (see Item Attachment 7: Proof of Qualification), and MEA EnergyU’s records currently show his certifications have a current expiration date of July 9, 2024. All operator qualification training is now being tracked via a site-specific Pipeline Abnormal Operating conditions course on the Eni Learning Management System. Each qualification is tracked, and users are notified when their qualification renewal are due.

Item 8 (Proposed Compliance Order)

Regulatory Reference

§ 195.505 Qualification program.

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

(a)

(h) After December 16, 2004, provide training, as appropriate, to ensure that individuals performing covered tasks have the necessary knowledge and skills to perform the tasks in a manner that ensures the safe operation of pipeline facilities;

Applicable Pipelines

Nikaitchuq Oil Transit Line, Nikaitchuq Diesel Line

Concern

From CPF 5-2023-019-NOPV: "ENI used Midwest Energy Association's (MEA) Remote Evaluations procedure, Initial Qualification Methods and Records (Exhibit E-3), to complete operator qualification evaluations remotely during the coronavirus pandemic. MEA procedure for conducting remote evaluations included recommended steps that required the proctor take extensive notes indicating communication devices used, verification of audio and video quality, and verification that the employee to be qualified cannot be assisted, among other requirements. ENI qualified personnel without adequate documentation to demonstrate adherence to the MEA procedure.

Qualification records reviewed for a qualified individual did not indicate the type of communication device utilized, did not verify the quality of the audio or video, nor indicated verification that the individual being tested could not be assisted during evaluation as required by the MEA Procedure. Recordings of the evaluations conducted on June 18, 2021 were not available for PHMSA review."

Eni Response to Item 8:

Eni does not depend on MEA EnergyU for the entire qualification process. A site-specific protocol was developed for evaluation of covered tasks during the pandemic. This protocol included an "Evaluation Readiness" for supervisors to verify worker mentoring and to evaluate readiness. The Eni DOT Operator Qualification (OQ) Manual revision describing this process was sent to PHMSA for review prior to implementation. With no response from PHMSA after 3 months, the procedure was implemented.

Upon receipt of the preliminary findings, Eni immediately stopped performing remote evaluations. Personnel who had been remotely evaluated were then re-evaluated in-person, or had their certifications voided. Additionally, Eni transitioned to a location-specific training and evaluation program that requires all DOT Operator Qualified personnel to undergo an in-person evaluation with subject matter expert evaluators. Eni plans to have all Eni employees and embedded contractors who participate in DOT covered tasks qualified with the Eni Pipeline In-House Covered Tasks System (EPICTS) by February 27, 2024. After this point, MEA EnergyU covered task qualifications will become invalid and ensure that there are no current qualifications based on remote evaluations.

Eni has also completed an audit on the remote evaluations performed on personnel at the Nikaitchuq facility. The updated version of the Eni's OQ Program and the results of the remote evaluation work impact audit will be part of the response package Eni will send PHMSA in approximately 30 days.

Item 9 (Proposed Compliance Order)

Regulatory Reference

§ 195.555 What are the qualifications for supervisors?

You must require and verify that supervisors maintain a thorough knowledge of that portion of the corrosion control procedures established under § 195.402(c)(3) for which they are responsible for insuring compliance.

Applicable Pipelines

Nikaitchuq Oil Transit Line, Nikaitchuq Diesel Line

Concern

From CPF 5-2023-019-NOPV: “ENI failed to require and verify that supervisors maintained a thorough knowledge of the corrosion control procedures for which they were responsible for insuring compliance. Specifically, ENI’s, DOT Pipeline O&M Manual, Section 3.1 Supervisor Training and Qualifications (Exhibit A-1) described the requirement for Facility Engineers and Maintenance Supervisors. The final paragraph of section 3.1 stated ‘[t]he Production Manager will sign-off that the Facility Engineer and Maintenance Supervisor has received and understands this information.’

ENI’s Supervisor Qualification Check Sheet, Appendix D (Exhibit E-2), was identified as the form used by the operator to verify supervisors were knowledgeable in corrosion control procedures. The form had no signature or a date for the evaluation of two supervisors.”

Eni Response to Item 9

Although not presented at the time of the audit, Eni was subsequently able to locate the signed documents in question, documenting the required knowledge base of supervisors, David Coombes and Robin Bogard (see check sheets attached).