



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

12300 W. Dakota Ave., Suite 340
Lakewood, CO 80228

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

VIA ELECTRONIC MAIL TO: lsaugier@hilcorp.com

March 9, 2026

Mr. Luke Saugier
Senior Vice President
Hilcorp Alaska, LLC
3800 Centerpoint Dr., Suite 1400
Anchorage, AK 99503

CPF 5-2026-008-NOPV

Dear Mr. Saugier:

From January 5 to February 4, 2026, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Hilcorp Alaska LLC's (Hilcorp) compliance with special permit requirements for the North Fork Pipeline located in Anchor Point, Alaska.

As a result of the inspection, it is alleged that Hilcorp has committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The item inspected and the probable violation is:

1. § 190.341 Special permits.

(a) *What is a special permit?* A special permit is an order by which PHMSA waives compliance with one or more of the Federal pipeline safety regulations under the standards set forth in 49 U.S.C. 60118(c) and subject to conditions set forth in the order. A special permit is issued to a pipeline operator (or prospective operator) for specified facilities that are or, absent waiver, would be subject to the regulation.

Special Permit Docket Number: PHMSA-2010-0063

Conditions:

The renewal of this special permit is subject to the following conditions.

(1) ...

(4) Material and Testing Requirements

(a) ...

(i) Inspections and Tests: APE shall:

(i) ...

(iii) Remove a minimum ten (10) foot pipe segment for inspection during each inspection.

(iv) ...

(v) All inspection, testing, and related evaluations required under Condition 4(i) must be performed every 30 months, not to exceed 36 months, with the next inspection, test and evaluations to be performed prior to November 30, 2019.

(vi) Perform additional inspections, testing, and related evaluations as follows:

(1) Short Term Hydrostatic Burst Pressure (STHB)...

(2) Interlaminar Shear Strength (ILSS)...

(3) Dynamic Mechanic Analysis (DMA)...

(4) Modulated Differential Scanning Calorimetry (DSC)...

(5) APE must plot Fiberspar Burst Pressures (current data, and updating with future test results when available) versus Time in Service. ...

(6) The additional testing required by paragraph 4(i)(vi) shall be conducted in conjunction with the continuation of APE's previous test regimen (which included Burst Pressure, Ultimate Axial Compression, Laminate Glass Transition Temperature, PE Linear Melting Point), per the original special permit and samples extracted should be of adequate size to accommodate this additional testing.

(vii) ...

(viii) APE shall report the results of the inspections and tests to the Director, PHMSA Western Region within 60 days of completion of any testing required by this special permit renewal.

Hilcorp failed to comply with the inspection and testing conditions of the North Fork Pipeline special permit, as required by the Pipeline Safety Act, 49 U.S.C. § 60118(c), and 49 CFR § 190.341(a).

The North Fork Pipeline is a gas transmission pipeline consisting of twin four-inch pipelines that transport natural gas approximately 7.4 miles from gas production facilities to a tie-in with

another pipeline in Anchor Point, Alaska. Of this distance, 6.3 miles of the North Fork Pipeline utilizes reinforced thermoset plastic pipe material (Fiberspar). Fiberspar does not meet the pipeline design requirements in section 192.121, however a special permit granted by PHMSA in 2010 and renewed in 2019¹ allows for the usage of Fiberspar pipe within the North Fork Pipeline subject to certain conditions and limitations for safety. On May 6, 2025, Hilcorp notified PHMSA Western Region that it acquired the North Fork Pipeline from Anchor Point Energy, LLC (APE) on May 1, 2025.

A special permit is an order issued by PHMSA waiving one or more regulations and requiring compliance with specific conditions stipulated in the special permit.² An operator must comply with the terms of the special permit and is liable for civil penalties if it violates those terms.³ PHMSA may, under certain circumstances, revoke, suspend, or modify a special permit.⁴ PHMSA has not revoked, suspended, or modified the North Fork Pipeline special permit since it was renewed in 2019. As such, the special permit is still currently in effect for the North Fork Pipeline and compliance with its terms and conditions are required.

The North Fork Pipeline special permit includes specific terms and conditions that are required to be followed by the pipeline operator for the purpose of ensuring pipeline safety throughout the life of the pipeline. Condition 4(i) of the special permit requires inspection, testing, and evaluation activities,⁵ including the removal and testing of a portion of the Fiberspar piping “every 30 months, not to exceed 36 months.”⁶ This testing provides necessary information regarding the condition of the Fiberspar piping, including its ability to continue safely holding pressure and to prevent failure.

On December 19, 2022, PHMSA received a report regarding Fiberspar removal and testing from APE, the prior operator of the North Fork Pipeline. In the subsequent 38 months, no Fiberspar removal and testing report for the North Fork Pipeline has been received by PHMSA.

Since acquiring the pipeline on May 1, 2025, Hilcorp has not provided any information to document compliance with Condition 4(i) of the special permit. When questioned, Hilcorp indicated that it believes the North Fork Pipeline is not jurisdictional to PHMSA and therefore it does not need to comply with the special permit.

¹ PHMSA Special Permit Renewal for North Fork Pipeline, Docket Number: PHMSA-2010-0063, available at: <https://www.regulations.gov/document/PHMSA-2010-0063-0043>.

² Under the Pipeline Safety Act, 49 U.S.C. § 60118(c)(1), PHMSA by order may waive compliance with a regulation on terms PHMSA considers appropriate if the waiver is not inconsistent with pipeline safety. See also 49 CFR § 190.341(a).

³ 49 U.S.C. § 60122; 49 CFR § 190.341(m).

⁴ Section 190.341(j).

⁵ Condition 4(i) of the North Fork Pipeline Special Permit Renewal defines specific inspection, testing, and evaluation requirements for topics including: burst pressure, interlaminar shear strength, dynamic mechanical analysis, specific heat capacity, and others.

⁶ Condition 4(i)(iii).

Hilcorp's belief that the North Fork Pipeline is non-jurisdictional does not affect the validity of the special permit or Hilcorp's obligation to comply with the conditions ordered by the special permit applicable to the North Fork Pipeline. The special permit conditions remain in effect until such time as the special permit expires by its own terms or PHMSA revokes, suspends, or modifies the special permit, none of which has occurred at this time. In addition, on October 20, 2025, PHMSA Western Region notified Hilcorp that the pipeline safety regulations did not support its non-jurisdictional determination.

Therefore, Hilcorp failed to comply with the requirements of the special permit for the North Fork Pipeline as required pursuant to section 190.341(a).

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$272,926 per violation per day the violation persists, up to a maximum of \$2,729,245 for a related series of violations. For violation occurring on or after December 28, 2023 and before December 30, 2024, the maximum penalty may not exceed \$266,015 per violation per day the violation persists, up to a maximum of \$2,660,135 for a related series of violations. For violation occurring on or after January 6, 2023 and before December 28, 2023, the maximum penalty may not exceed \$257,664 per violation per day the violation persists, up to a maximum of \$2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022 and before January 6, 2023, the maximum penalty may not exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,412 for a related series of violations. For violation occurring on or after May 3, 2021 and before March 21, 2022, the maximum penalty may not 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.

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.

Proposed Compliance Order

With respect to Item number 1 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Hilcorp Alaska LLC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

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. All material you submit in response to this enforcement action may be 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 your receipt of this Notice, you have 30 days to respond as described in the enclosed *Response Options*. 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. The Region Director may extend the period for responding upon a written request timely submitted demonstrating good cause for an extension.

In your correspondence on this matter, please refer to **CPF 5-2026-008-NOPV** 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: 2026.03.09 08:16:17 -06'00'

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

cc: PHP-60 Compliance Registry
PHP-500 H. Keogh (26-362349)

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

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Hilcorp Alaska LLC a Compliance Order incorporating the following remedial requirements to ensure the compliance of Hilcorp Alaska LLC with the pipeline safety regulations:

- A. In regard to Item number 1 of the Notice pertaining to special permit inspection and testing requirements, Hilcorp Alaska LLC must perform the required testing and inspection of the Fiberspar piping as outlined in Condition 4(i) of the special permit, and submit an inspection and test report to the PHMSA Western Region Director within **180** days of receipt of the Final Order.
- B. It is requested (not mandated) that Hilcorp 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, Pipeline and Hazardous Materials Safety Administration. 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.