

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 17, 2016

Mr. Greg Lalicker
President
Hilcorp Alaska, LLC
1201 Louisiana Street, Ste. 1400
Houston, Texas 77002

CPF 5-2016-7003W

Dear Mr. Lalicker:

Between July 20, 2015 and November 6, 2015, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Northstar Sales Oil Pipeline near Prudhoe Bay, Alaska. The inspection included review of required regulatory records and procedures associated with that pipeline in your Anchorage, Alaska office.

As a result of the inspection, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations Part 195. The items inspected and the probable violation is:

1. §195.49 Annual report.

Each operator must annually complete and submit DOT Form PHMSA F 7000-1.1 for each type of hazardous liquid pipeline facility operated at the end of the previous year. An operator must submit the annual report by June 15 each year, except that for the 2010 reporting year the report must be submitted by August 15, 2011. A separate report is required for crude oil, HVL (including anhydrous ammonia), petroleum products, carbon dioxide pipelines, and fuel grade ethanol pipelines. For each state a pipeline traverses, an operator must separately complete those sections on the form requiring information to be reported for each state.

Hilcorp Alaska, LLC (Hilcorp) did not accurately complete its 2014 Annual Report for hazardous liquid pipeline systems, Form PHMSA F 7000-1.1. Form PHMSA F 7000-1.1 requires submission of interstate pipeline data in several parts of the form. At the end of the 2014 calendar year, Hilcorp operated several interstate pipelines, including the Northstar Sales Oil Pipeline. At the time of the inspection, Hilcorp's initial submission of the 2014 Annual Report for hazardous liquid pipeline systems, dated June 12, 2015, did not contain any interstate pipeline data, including onshore and offshore interstate pipeline facilities.

It should be noted that Hilcorp's January 16, 2015, Operator Registry Notification is similarly inaccurate because the notification did not identify interstate pipeline facilities, including onshore and offshore interstate pipeline facilities, and does not contain a Type C notification.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item(s) identified in this letter. Failure to do so will result in Hilcorp being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2016-7003W**. 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).

Sincerely,

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*

cc: PHP-60 Compliance Registry
PHP-500 Johnson (#150294)
Mr. Richard Novcaski, Vice President and Alaska Operations Manager for Harvest Alaska, LLC