



FAIRBANKS NATURAL GAS, LLC

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Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration
12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

Attn. Mr. Hoidal,

Fairbanks Natural Gas (FNG) has received the Warning Letter, reference # CPF 5-2016-3002W, dated May 5, 2016, regarding inspections performed by a representative from the Pipeline and Hazardous Materials Safety Administration (PHMSA) in June and September of 2015. FNG has the following responses to the Warning Letter and the indicated probable violations that were found.

PHMSA Question / Comment:

FNG did not have records of testing and inspections of control systems in service but not normally in operation for the years of 2011, 2012, and 2013, as per Standard 193.2619 (requiring inspections and testing once each calendar year and not to exceed 15 months). It appears that proper documentation for recent testing (prior to 2013) has been provided.

FNG's Response:

1. FNG has revised its Operations Policy regarding records of testing and inspections. The revised Operations Policy includes all of PHMSA procedures and testing policies required and has been reviewed by all staffed Operators & Engineering Department. This updated policy will include revised training requirements and oversight for all PHMSA required documentation of records, including testing requirements for accuracy, proper documentation of the results, and the filing of such records. FNG believes the testing and inspection was completed. However, the records appear to have been misplaced.
2. FNG's standard operating procedure (SOP) 7125 states that control systems in service but not normally in operation will be tested and inspected once each calendar year, not to exceed 15 months.



PHMSA Question / Comment:

FNG did not have records for the Storage Site Monthly Maintenance Inspections for the period between March and July, 2011. Records of storage site monthly maintenance at each LNG plant is to be kept for a period of not less than five (5) years as per Standard 193.2639.

FNG's Response:

1. FNG has revised its Operations Policy regarding records of maintenance and inspections. The revised Operations Policy has been reviewed by all staffed Operators & Engineering Department regarding all PHMSA required Storage Site Maintenance Inspections, including documentation. The revised policy will include revised training requirements and oversight for all PHMSA required documentation and accuracy of records. FNG believes the maintenance and inspection was completed. However, the records appear to have been misplaced.

PHMSA Question / Comment:

The warning signs placed at FNG's storage sites did not meet required visibility criteria, regarding size and illumination so that they can be seen from 100 feet away at night.

FNG's Response:

1. FNG has replaced the warning signs with larger, reflective signs that can be seen from over 100 feet away at night. FNG expects that the new, larger, more reflective signs to be in compliance with Standard 193.2917. FNG's SOP 1220 states the security standards and procedures to be followed at LNG storage facilities.

FNG appreciates the opportunity to take corrective action. If you have further questions or instructions on this matter, please call me at (907) 452-7111 or e-mail me at cgillespie@fngas.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Chris Gillespie', written over a horizontal line.

Chris Gillespie