

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 5, 2016

Mr. Dan Britton
President and CEO
Fairbanks Natural Gas, LLC
3408 International Way
Fairbanks, Alaska 99701

CPF 5-2016-3002W

Dear Mr. Britton:

On June 8-12 and September 8-11, 2015, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Liquefied Natural Gas (LNG) facilities. Records of the operation and inspection of the LNG facilities were reviewed in Fairbanks, Alaska.

As a result of the inspection, it appears that Fairbanks Natural Gas has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

1. §193.2619 Control systems

(c) Control systems in service, but not normally in operation, such as relief valves and automatic shutdown devices, and control systems for internal shutoff valves for bottom penetration tanks must be inspected and tested once each calendar year, not exceeding 15 months, with the following exceptions: (2) Control systems that are intended for fire protection must be inspected and tested at regular intervals not to exceed 6 months.

Per §193.2619, Fairbanks Natural Gas did not have records demonstrating inspection of methane and infra-red (flame) detectors for the years 2011, 2012 and 2013. Operators must have records demonstrating inspections and testing, once each calendar year, not exceeding 15 months and fire protection inspections and testing done at regular intervals not to exceed six (6) months. It

appears that proper documentation for recent testing has been provided. However, it is critical to maintain these records to demonstrate compliance with Federal Regulations.

2. §193.2639 Maintenance records

(a) Each operator shall keep a record at each LNG plant of the date and type of each maintenance activity performed on each component to meet the requirements of this part. For each LNG facility that is designed and constructed after March 31, 2000 the operator shall also maintain related periodic inspection and testing records that NFPA 59A (incorporated by reference, see § 193.2013) requires. Maintenance records, whether required by this part or NFPA 59A, must be kept for a period of not less than five years.

Per §193.2639, Fairbanks Natural Gas did not have records for their Storage Site Monthly Maintenance Inspections for the period between March and July, 2011. Fairbanks Natural Gas shall keep records of Storage Site Monthly Maintenance Inspections at each LNG plant for a period of not less than five (5) years.

3. §193.2917 Warning signs

(a) Warning signs must be conspicuously placed along each protective enclosure at intervals so that at least one sign is recognizable at night from a distance of 30m (100 ft.) from any way that could reasonably be used to approach the enclosure.

Per §193.2917, warning signs at your facility did not meet required visibility criteria. Fairbanks Natural Gas warning signs placed around the protective enclosure were not illuminated and were not visible at night from 100 feet away. Signs meeting the illumination and visibility requirements must be in place.

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. Also, for LNG facilities, an additional penalty of not more than \$50,000 for each violation may be imposed. 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 Fairbanks Natural Gas 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 5-2016-3002W** and for each document you submit, please provide a copy in electronic format to PHP-WRADMIN@dot.gov whenever possible. 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

cc: PHP-60 Compliance Registry
PHP-500 D. Hassell (#151249, #149001)