

## WARNING LETTER

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

December 23, 2015

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

**CPF 5-2015-5025W**

Dear Mr. Lalicker:

On September 22, 2015 and September 23, 2015, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Milne Point facility located near Prudhoe Bay, Alaska.

As a result of the inspection, it appears that Hilcorp Alaska has committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation is:

**1. §195.452 Pipeline integrity management in high consequence areas.**

**(j) What is a continual process of evaluation and assessment to maintain a pipeline's integrity?**

**(3) Assessment intervals. An operator must establish five-year intervals, not to exceed 68 months, for continually assessing the line pipe's integrity. An operator must base the assessment intervals on the risk the line pipe poses to the high consequence area to determine the priority for assessing the pipeline segments. An operator must establish the assessment intervals based on the factors specified in paragraph (e) of this section, the analysis of the results from the last integrity assessment, and the information analysis required by paragraph (g) of this section.**

Hilcorp Alaska, LLC (Hilcorp) failed to perform an assessment of the stainless steel pipeline segment as required by §195.452(j)(3). During the inspection of the Milne Point facility

located near Prudhoe Bay, Alaska, it was determined that a segment of stainless steel pipeline, approximately 600 feet in length, and 12” in diameter, had not been inspected under §195.452 (j)(3), which requires inspection in high consequence areas “not to exceed 68 months”. This segment is a tie in from Milne Point sales crude pipeline to the ConocoPhillips Kuparuk sales crude pipeline.

As a result from the PHMSA inspection, Hilcorp proceeded to use guided wave technology to inspect the 600 feet of above ground pipeline. The results of the guided wave inspection confirmed no anomalies on the segment. Hilcorp must incorporate this segment into their integrity management plan as required by §195.452 (j)(3).

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 items identified in this letter. Failure to do so will result in Hilcorp Alaska, LLC 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 **5-2015-5025W** 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 R. Guisinger (#150149)