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Hilcorp Alaska, LLC

February 28, 2014

State Pipeline Coordinator's Office
Attention: Allison Iversen
411 West 4th Avenue, Suite 2
Anchorage, Alaska 99501



Re: **Kenai Kachemak Pipeline ADL 228162**

Dear Ms. Iversen:

Enclosed please find Hilcorp Alaska LLC's Kenai Kachemak Pipeline 2013 Annual Report.

Please contact me with any questions regarding this information. I may be contacted via email at emckay@hilcorp.com, phone at 907-777-8430 (office) or 907-351-1835 (cell).

Sincerely,

HILCORP ALASKA, LLC

Erin M
McKay

Digitally signed by Erin M McKay
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Reason: I am approving this document
Date: 2014.02.28 17:18:49 -0800

Erin McKay
Regulatory Compliance Manager

Attachments



Hilcorp Alaska, LLC

**Kenai Kachemak Pipeline
2013 Annual Report**

**February 28, 2014
Prepared by Hilcorp Alaska, LLC for the
State Pipeline Coordinator's Office**

Table of Contents

Executive Summary	3
System Data	4
Safety	4
Integrity Management Program	4
High Consequence Areas	4
Pipeline Surveillance	5
Line Locates	7
KKPL Monitoring.....	7
Internal Corrosion	8
Hydrogen Sulfide Analysis	8
Dew Point Analysis	9
Gas Analysis	13
Cathodic Protection	14
Rectifier Inspections	14
Electrical Surveys	15
Mainline Valve Inspection & Maintenance	19
Inspection of ROW	20
Pressure Relief Devices and Regulating Stations	20
Leakage Survey.....	20
Communications and Pipeline Control	20
Hazardous Substances Discharge	20
Risk Management Program	21
Quality Assurance Program	21
KKPL (Lessee) Performance Under the Lease	22
2013 Throughput	22

Executive Summary

Under the Kenai-Kachemak Pipeline ROW Lease ADL 228162 agreement between Kenai Kachemak Pipeline Company (KKPL) and the State of Alaska, KKPL is required to submit an annual report documenting the results of the surveillance and monitoring, quality assurance, risk management, safety program, and various lease stipulations of the preceding year's operation. On February 1, 2013, Hilcorp Alaska, LLC (HAK) became the operator of Marathon Oil's assets including KKPL.

KKPL's system is primarily a buried natural gas pipeline operating on the Kenai Peninsula along Kalifornsky Beach Road, the Sterling Highway, Cohoe Loop Road, and Oilwell Road. The system is comprised of three (3) zones: Zones 1 & 2 (12.75" diameter steel pipeline) total approximately 46 miles; Zone 3 (Kasilof Extension) is approximately 4 miles long and is a 6.625" diameter steel pipeline. Seven separate fields produce natural gas for transportation by KKPL. During 2013 KKPL transported approximately 45 Mmcf per day. Average daily throughputs for 2012, 2011, and 2010 were respectively 44 Mmcf, 49 Mmcf and 39 Mmcf.

In 2013, there were no major issues encountered that warranted reports to the Alaska State Pipeline Coordinator's Office regarding Safety, Aerial Patrol, Line Locates, Corrosion, Valve Inspections, or Leakage Survey associated with KKPL. Aerial patrols were delayed in some months due to weather issues, but there were no issues noted that impacted the integrity of pipeline or the condition of the right-of-way. Below is a summary of some of the KKPL O&M activities.

Summary of 2013 Routine KKPL O&M Activities

Activity	Count for 2013
Aerial Surveillance Flights of the R-O-W	35
Number of Locate Requests Received	114
Number of Onsite Locates Performed	8
Number of High Pressure Stand-bys	5
Number of Leakage Surveys Performed	2
Cathodic Protection Rectifier Inspections (2 Rectifiers)	26
Cathodic Protection Pipe-to-Soil Tests	140

System Data

KKPL Zones 1 & 2

Pipeline Diameter:	12.750" O.D., 0.330" W.T.
Pipeline Diameter:	12.750" O.D., 0.550" W.T.
Pipeline Length:	46.18 Miles (243,876 feet)
Origin:	Near Mile Post 12 Kalifornsky Beach Road
Termination:	Happy Valley Pad near Mile Post 9 Oilwell Road
Maximum Allowable Operating Pressure:	1480 PSIG
Dates of Installation:	Zone 1 – 2003, Zone 2 – 2004
Mainline Block Valves:	Block valve at each end and six (6) blow-down/block valve assemblies along the route

KKPL Zone 3 (Kasilof Extension)

Pipeline Diameter:	6.625" O.D., 0.280" W.T.
Pipeline Diameter:	6.625" O.D., 0.432" W.T.
Pipeline Length:	4.24 Miles (22,393 feet)
Origin:	Mile Post 17.2 of KKPL
Termination:	Kasilof South Pad valve at Mile Post 4.1 of South Coho
Maximum Allowable Operating Pressure:	1480 PSIG
Dates of Installation:	2006
Lateral Tie In Valves:	Lateral tie-in valve at KKPL Mile Post 17.2 Production Pad Valve at Mile Post 4.1 of South Coho Loop Road

Safety

HAK employees' and contractors' safety performance for 2013 resulted in zero OSHA recordable injuries and zero preventable motor vehicle accidents. Regarding public safety, there were no known injuries to the public associated with the KKPL system in 2013.

Contractor services were used in 2013 to support KKPL operations. There were no known injuries experienced by contract personnel during the year. The major contractors used by HAK for KKPL activities include Rediske Air, Coffman Engineering, IISCO and CH2M Hill.

Integrity Management Program

As the operator of multiple gas transmission pipelines that are subject to the requirements of *49 CFR Part 192 Subpart O—Gas Transmission Pipeline Integrity Management*, HAK has developed and maintains a pipeline integrity management program (IMP). This program was inspected by PHMSA in August 2011 and May 2009 with no resulting enforcement actions.

High Consequence Areas

An integral part of HAK's or any IMP is the concept of a "High Consequence Area" (HCA). HCAs are areas along a pipeline route that meet PHMSA criteria based on the actual or potential concentration of people in that area. KKPL's HCAs in the HAK integrity management program appear in the table below. (Station numbering is a method of identifying points along the KKPL right-of-way. They are measured in feet and, in the case of KKPL, decrease in value from south to north, e.g., 489+39.0 equals 48,939.0 feet).

Kenai Kachemak Pipeline HCAs

Segment	Begin Station	End Station	Segment Length/Feet	Identified Site
Happy Valley Pig Launcher - Ninilchik Junction 12"	12"	489+39	475+52	Country Boy Campground Inc.
Ninilchik Junction - Paxton Junction 12"	12"	328+81	317+70	Ninilchik River State Campground & Ninilchik River Scenic Overlook
G. Oskoloff Junction - Falls Creek Junction 12"	12"	1329+42	1316+51	Que'ana Bar
Kasilof Junction - Kasilof Enstar Junction 12"	12"	746+15	734+77	Tustemena Lodge
Kasilof Junction - Kasilof Enstar Junction 12"	12"	655+43	653+91	U.S. Post Office - Kasilof
Kasilof Enstar Junction - KKPL Terminus 12"	12"	653+90	639+71	U.S. Post Office - Kasilof
Kasilof Enstar Junction - KKPL Terminus 12"	12"	609+13	590+77	Newlife Christian Fellowship
Kasilof Enstar Junction - KKPL Terminus 12"	12"	300+48	290+04	RJ Seafoods
Kasilof Enstar Junction - KKPL Terminus 12"	12"	69+60	62+05	Serenity House CPGH

This list of HCAs is subject to change depending on conditions occurring along the pipeline's right-of-way. Such conditions are noted during several of HAK's ongoing pipeline inspection and maintenance efforts, and at five-year intervals, HAK performs an HCA Field Verification Survey. A survey was conducted in 2013 and the next survey is scheduled for 2018.

Pipeline Surveillance

Per the KKPL Surveillance & Monitoring Program, the KKPL system was monitored for conditions that might have affected its integrity or the health and safety of the public and the environment. Requirements were dictated by Federal code 49 CFR Part 192.

During 2013, HAK conducted aerial surveys of the pipeline. In addition to aerial surveys, HAK employees monitored the KKPL Right-of-Way during routine operations and maintenance activity. Dates of Aerial surveys are provided as well as documented activities. Responsible parties were contacted on the same day as the aerial survey to address any activity that was documented.

Aerial Surveillance 2013

Month	Survey Dates	Mile Posts
February	2/24/13	0 - 046.1, South Cohoe Lat.
March	3/24/13	0 - 046.1, South Cohoe Lat.
April	4/2/13, 4/15/13, 4/24/13	0 - 046.1, South Cohoe Lat.
May	5/7/13, 5/15/13, 5/31/13	0 - 046.1, South Cohoe Lat.
June	6/16/13, 6/20/13, 6/26/13,	0 - 046.1, South Cohoe Lat.
July	7/12/13, 7/16/13, 7/21/13, 7/28/13	0 - 046.1, South Cohoe Lat.
August	8/2/13, 8/20/13	0 - 046.1, South Cohoe Lat.
September	9/5/13, 9/10/13, 9/14/13, 9/19/13, 9/27/13	0 - 046.1, South Cohoe Lat.
October	10/6/13, 10/13/13, 10/20/13	0 - 046.1, South Cohoe Lat.
November	11/1/13, 11/7/13, 11/17/13, 11/22/13, 11/24/13, 11/30/13	0 - 046.1, South Cohoe Lat.
December	12/12/13, 12/21/13, 12/23/13, 12/27/13	0 - 046.1, South Cohoe Lat.

Aerial Surveillance Notes 2013

6/26/13	Excavating in front of Tesoro refinery
7/12/13	Large Excavator parked on ROW at Cockel shell RD/called Curtis Pennington
8/20/13	Excavator on the Kenai side near the prison

As the comments above suggest, there were no conditions observed that were detrimental to the pipeline or its right-of-way.

Line Locates

KKPL participates in the Alaska Dig Line Inc. one-call damage prevention program. HAK receives the locate requests from the "DigLine" call center. The summary of activity for the year 2013 by month is as follows. Also included is a comparison with 2012 and 2011 activity.

Month	DigLine Notifications			On-Site Locates			High-Pressure Standbys		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
Jan	0	1	0	0	0	0	0	0	0
Feb	1	2	1	0	0	0	0	0	0
Mar	2	5	3	0	4	1	0	0	1
Apr	1	2	2	0	0	0	0	0	0
May	9	18	22	1	3	3	0	0	4
Jun	21	17	31	3	1	7	0	0	2
Jul	6	20	17	2	4	4	0	2	2
Aug	16	20	24	1	3	1	0	2	4
Sep	14	20	28	3	4	0	0	1	4
Oct	26	20	11	7	4	0	0	2	0
Nov	15	3	8	0	2	1	0	0	0
Dec	2	0	3	0	0	1	0	0	0
Totals	113	128	150	22	25	18	0	7	17

DigLine Notifications were down 12 percent in 2013; On-Site Locates were down 12 percent; and High-Pressure Standbys were down 100 percent.

KKPL Monitoring

Per the requirement under the appendix heading "Pipeline Monitoring" of the "Kenai Kachemak Pipeline Surveillance and Monitoring Program," the pipeline and right-of-way were subject to ongoing and continuous surveillance activities pursuant to 49 CFR Part 192. The following activities were included in this monitoring.

Internal Corrosion

Internal corrosion control is performed in accordance with 192.475 Internal Corrosion Control General and 192.477 Internal Corrosion Control Monitoring. Gas Sampling was performed to ensure that the transported gas was not only within tariff specifications but also devoid of harmful levels of compounds that could contribute to internal corrosion. One such compound is hydrogen sulfide (H₂S), and sampling for H₂S was done at the pipeline's terminus.

Dew-point monitoring (for excessive water) was performed at several locations: the pipeline's origin (Happy Valley), the gas production pads supplying the pipeline along the right-of-way, and its terminus. Data indicates that corrosive gas is not being transported by KKPL. A Pit Boss maintenance pig was run in late Summer 2013 to remove any accumulated liquids and sediment from the line.

Hydrogen Sulfide Analysis

Anchor Point Pipeline Tap at KKPL

Station No	Location	Sample Date	ppM H ₂ S
MSN614	Ninilchik	1/17/13	0.0
MSN614	Ninilchik	2/12/13	0.0
MSN614	Ninilchik	3/14/13	0.0
MSN614	Ninilchik	4/9/13	0.0
MSN614	Ninilchik	5/21/13	0.1
MSN614	Ninilchik	6/11/13	0.0
MSN614	Ninilchik	7/16/13	0.0
MSN614	Ninilchik	8/13/13	0.0
MSN614	Ninilchik	9/20/13	0.0
MSN614	Ninilchik	10/2/13	0.0
MSN614	Ninilchik	11/12/13	0.0
MSN614	Ninilchik	12/11/13	0.0

KKPL – Terminus

Station No	Location	Sample Date	ppM H ₂ S
MSN601	KKPL	January	No Sample
MSN601	KKPL	02/13/13	0.0
MSN601	KKPL	03/21/13	<0.1
MSN601	KKPL	04/19/13	0.0
MSN601	KKPL	05/24/13	0.0
MSN601	KKPL	6/2/13	0.0
MSN601	KKPL	07/30/13	0.0
MSN601	KKPL	10/17/13	0.0
MSN601	KKPL	11/30/13	0.0
MSN601	KKPL	12/29/13	0.0

Dew Point Analysis

Anchor Point Pipeline Tap at KKPL

Station No	Location	Date Performed	PSIG	Dew Point Temp.	Lbs/Mmscf
MSN614	Ninilchik	1/22/13	803	-20	0.90
MSN614	Ninilchik	2/13/13	920	-11	2.56
MSN614	Ninilchik	3/15/13	790	-16	0.80
MSN614	Ninilchik	4/4/13	No PSIG recorded	-4	1.36
MSN614	Ninilchik	5/17/13		-16	0.84
MSN614	Ninilchik	6/14/13		-14	1.00
MSN614	Ninilchik	7/3/13		2	2.10
MSN614	Ninilchik	8/12/13		2	2.10
MSN614	Ninilchik	9/9/13		-2	1.52
MSN614	Ninilchik	10/1/13		-11	1.03
MSN614	Ninilchik	11/25/13		754	-14
MSN614	Ninilchik	12/23/13	737	-23	0.50

KKPL -Terminus

Station No	Location	Date Performed	PSIG	Dew Point Temp.	Lbs/Mmscf
MSN601	KKPL	1/18/13	695	-4	2.07
MSN601	KKPL	2/13/13	693	1	2.56
MSN601	KKPL	3/21/13	701	1	2.54
MSN601	KKPL	4/19/13	700	-2	2.24
MSN601	KKPL	5/24/13	696	-1	2.35
MSN601	KKPL	6/28/13	697	1	2.55
MSN601	KKPL	7/30/13	704	2	2.64
MSN601	KKPL	8/16/13	701	3	2.76
MSN601	KKPL	September		No Sample	
MSN601	KKPL	10/17/13	694	2	2.66
MSN601	KKPL	11/30/13	657	0	2.53
MSN601	KKPL	December	--	--	2.36

Kasilof (Cohoe)

Station No	Location	Date Performed	PSIG	Dew Point Temp.	Lbs/Mmscf
MSN607	Kasilof (Cohoe)	1/31/13			
MSN607	Kasilof (Cohoe)	2/26/13			
MSN607	Kasilof (Cohoe)	3/27/13			
MSN607	Kasilof (Cohoe)	4/15/13			
MSN607	Kasilof (Cohoe)	5/31/13			
MSN607	Kasilof (Cohoe)	6/27/13			
MSN607	Kasilof (Cohoe)	7/31/13			
MSN607	Kasilof (Cohoe)	8/15/13			
MSN607	Kasilof (Cohoe)	9/30/13			
MSN607	Kasilof (Cohoe)	10/28/13			
MSN607	Kasilof (Cohoe)	11/26/13			
MSN607	Kasilof (Cohoe)	12/17/13			

Falls Creek

Station No	Location	Date Performed	PSIG	Dew Point Temp.	Lbs/Mmscf
MSN603	Falls Creek	1/31/13	757	4	2.74
MSN603	Falls Creek	2/26/13	753	7	3.11
MSN603	Falls Creek	3/27/13	742	3	2.67
MSN603	Falls Creek	4/15/13	751	9	3.37
MSN603	Falls Creek	5/31/13	714	7	3.21
MSN603	Falls Creek	6/27/13	705	6	3.11
MSN603	Falls Creek	7/31/13	721	7	3.19
MSN603	Falls Creek	8/15/13	735	9	3.42
MSN603	Falls Creek	9/30/13	741	5	2.89
MSN603	Falls Creek	10/28/13	741	8	3.27
MSN603	Falls Creek	11/26/13	745.7	2	2.55
MSN603	Falls Creek	12/17/13	750.5	-3	2.07

George Oskolkoff (GO)

Station No	Location	Date Performed	PSIG	Dew Point Temp.	Lbs/Mmscf
MSN602	GO	1/31/13	767	-2	2.13
MSN602	GO	2/26/13	762	3	2.62
MSN602	GO	3/27/13	751	-1	2.24
MSN602	GO	4/15/13	Pad not flowing, no dew point performed.		
MSN602	GO	5/31/13	720	0	2.40
MSN602	GO	6/27/13	710	0	2.42
MSN602	GO	7/31/13	724	3	2.70
MSN602	GO	8/15/13	742	5	2.78
MSN602	GO	9/30/13	750	0	2.34
MSN602	GO	10/28/13	746	0	2.35
MSN602	GO	11/26/13	754.5	-4	1.98
MSN602	GO	12/17/13	757.3	-7	1.74

Ninilchik State

Station No	Location	Date Performed	PSIG	Dew Point Temp.	Lbs/Mmscf
MSN606	Ninilchik State	1/31/13	772	1	2.40
MSN606	Ninilchik State	2/26/13	768	4	2.72
MSN606	Ninilchik State	3/27/13	756	4	2.75
MSN606	Ninilchik State	4/15/13	763	3	2.62
MSN606	Ninilchik State	5/31/13	723	5	2.94
MSN606	Ninilchik State	6/27/13	712	7	3.21
MSN606	Ninilchik State	7/31/13	724	7	3.18
MSN606	Ninilchik State	8/15/13	741	10	3.54
MSN606	Ninilchik State	9/30/13	755	5	2.86
MSN606	Ninilchik State	10/28/13	749	7	3.12
MSN606	Ninilchik State	11/26/13	758.3	2	2.53
MSN606	Ninilchik State	12/17/13	750.2	-10	1.53

Susan Dionne

Station No	Location	Date Performed	PSIG	Dew Point Temp.	Lbs/Mmscf
MSN604	Susan Dionne	1/31/13	728	-5	1.93
MSN604	Susan Dionne	2/26/13	775	2	2.50
MSN604	Susan Dionne	3/27/13	762	-5	1.88
MSN604	Susan Dionne	4/15/13	763	-3	2.05
MSN604	Susan Dionne	5/31/13	728	0	2.38
MSN604	Susan Dionne	6/27/13	716	4	2.85
MSN604	Susan Dionne	7/31/13	724	-2	2.20
MSN604	Susan Dionne	8/15/13	739	0	2.36
MSN604	Susan Dionne	9/30/13	754	0	2.33
MSN604	Susan Dionne	10/28/13	749	7	3.12
MSN604	Susan Dionne	11/26/13	765.8	6	2.96
MSN604	Susan Dionne	12/17/13	750.2	3	2.65

Paxton

Station No	Location	Date Performed	PSIG	Dew Point Temp.	Lbs/Mmscf
MSN605	Paxton Pad	1/31/13	775	12	3.73
MSN605	Paxton Pad	2/26/13	770	-5	1.87
MSN605	Paxton Pad	3/27/13	759	-6	1.81
MSN605	Paxton Pad	4/15/13	763	-8	1.66
MSN605	Paxton Pad	5/31/13	732	-13	1.37
MSN605	Paxton Pad	6/27/13	714	-8	1.72
MSN605	Paxton Pad	7/31/13	727	-8	1.70
MSN605	Paxton Pad	8/15/13	740	-12	1.42
MSN605	Paxton Pad	9/30/13	759	-7	1.74
MSN605	Paxton Pad	10/28/13	752	0	2.34
MSN605	Paxton Pad	11/26/13	764	6	2.96
MSN605	Paxton Pad	12/17/13	736	-1	2.27

Happy Valley

Station No	Location	Date Performed	PSIG	Dew Point Temp.	Lbs/Mmscf
MSN1504	Happy Valley	1/30/13	763	2	2.52
MSN1504	Happy Valley	2/27/13	782	-1	2.11
MSN1504	Happy Valley	3/26/13	773	-7	1.72
MSN1504	Happy Valley	4/29/13	754	-5	1.90
MSN1504	Happy Valley	5/31/13	723	14	4.21
MSN1504	Happy Valley	6/27/13	703	14	4.28
MSN1504	Happy Valley	7/31/13	715	30	7.82
MSN1504	Happy Valley	8/15/13	730	32	8.30
MSN1504	Happy Valley	9/6/13	780	-4	2.30
MSN1504	Happy Valley	10/28/13	772	0	2.30

Gas Analysis

KKPL Terminus

Sample Date	CO2	ETHANE	O2	N2	METHANE	BTU	GRAVITY
01/18/13 – 1	0.264	0.165	-	1.318	98.195	995.4	0.5644
01/18/13 – 2	0.257	0.166	-	1.300	98.222	995.4	0.5641
02/15/13 – 1	0.265	0.161	-	1.179	98.350	996.2	0.5635
02/15/13 – 2	0.260	0.164	-	1.139	98.392	996.7	0.5633
No analysis conducted during March due to a leaky bottle							
No analysis conducted during March due to a leaky bottle							
04/12/13 – 1	0.185	0.139	-	1.373	98.265	995.0	0.5634
04/12/13 – 2	A second run was not performed in April						
05/21/13 – 1	0.182	0.140	-	1.042	98.606	998.0	0.5618
05/21/13 – 2	A second run was not performed in May						
06/17/13 - 1	0.214	0.164	-	0.293	99.254	1006.7	0.5600
06/17/13 - 2	0.212	0.159	-	0.291	99.270	1006.5	0.5598
07/06/13 – 1	0.261	0.166	-	0.391	99.104	1005.5	0.5610
07/06/13 – 2	0.265	0.169	-	0.364	99.123	1005.8	0.5610
08/07/13 – 1	0.239	0.160	-	0.294	99.261	1005.6	0.5596
08/07/13 – 2	A second run was not performed in August						
09/25/13 – 1	0.181	0.130	-	2.370	97.286	984.8	0.5674
09/25/13 – 2	A second run was not performed in September						
10/22/13 – 1	0.195	0.144	-	1.217	98.411	996.3	0.5628
10/22/13 – 2	A second run was not performed in October						
11/30/13 – 1	0.189	0.145	-	0.813	98.819	1005.5	0.5611
11/30/13 – 2	A second run was not performed in November						
12/30/13 – 1	0.197	0.143	-	0.844	98.787	999.8	0.5611
12/30/13 – 2	A second run was not performed in December						

Cathodic Protection

Rectifier Inspections

KKPL rectifiers were inspected at least on a monthly schedule, which is a frequency that exceeds the minimum requirements of six times during the calendar year under 49 CFR Part 192 Subpart I—Requirements for Corrosion Control. During inspections, rectifier voltage and current outputs were recorded. Rectifiers are located at mile posts (MP) 17.2 and 39. Any cathodic protection abnormalities found during the monitoring of KKPL were corrected promptly as required by Part 192.

KKPL MP 17.2 South Coho Loop Rectifier Readings

Date	Amps	Volts
1/2/2013	1.45	6.41
2/6/2013	1.46	6.39
3/6/2013	1.47	6.45
4/3/2013	1.47	6.47
5/8/2013	1.46	6.45
6/5/2013	1.48	6.48
7/3/2013	1.47	6.5
8/7/2013	1.47	6.53
9/11/2013	1.56	6.65
10/9/2013	1.49	6.48
11/13/2013	1.47	6.41
12/11/2013	1.45	6.38

MP 39 Holly Street Rectifier Readings

Date	Amps	Volts
1/3/2013	1.27	6.55
2/7/2013	1.28	6.54
3/7/2013	1.26	6.52
4/4/2013	1.28	6.56
5/9/2013	1.3	6.58
6/6/2013	1.31	6.6
7/4/2013	1.27	6.56
8/8/2013	1.28	6.55
9/12/2013	1.32	6.75
10/10/2013	1.28	6.54
11/14/2013	1.29	6.53
12/12/2013	1.24	6.53

Electrical Surveys

The annual Federal DOT Pipe to Soil Survey (P/S) was completed in July 11-13, 2013. The survey is performed once each calendar year at intervals not exceeding fifteen months.

Subpart I—Requirements for Corrosion Control under 49 CFR Part 192 includes the applicable regulations that MPL follows. Any test or inspection that does not meet the requirements of those regulations requires prompt corrective action.

KKPL Mainline Annual Pipe-to-Soil Survey

Station Position	"On" Read	"Off" Read
0+00	-1.640	-1.188
0+01	-1.511	-1.164
0+02	-1.400	-1.030
0+03	-1.690	-1.210
5+28	-1.660	-1.109
52+80	-1.600	-1.110
63+36	-1.569	-1.140
85+54	-1.916	-1.181
101+38	-2.350	-1.160
105+60	-2.199	-1.225
158+40	-1.752	-1.147
211+20	-1.758	-1.139
220+70	-1.830	-1.153
227+04	-1.809	-1.125
249+22	-1.813	-1.154
256+08	-1.770	-1.126
264+00	-1.787	-1.133
277+20	-1.870	-1.213
279+84	-1.760	-1.122
285+12	-1.610	-1.126
316+80	-1.815	-1.182
369+60	-1.784	-1.180
422+40	-1.862	-1.203
430+32	-1.785	-1.201
438+24	-1.800	-1.210
475+20	-1.905	-1.207
506+88	-1.747	-1.185
521+66	-1.700	-1.191
528+00	-1.880	-1.206
580+80	-1.836	-1.220
633+60	-1.858	-1.236
638+88	-1.820	-1.211

KKPL Mainline Annual Pipe-to-Soil Survey (Cont'd)

Station Position	"On" Read	"Off" Read
670+56	-1.908	-1.233
683+76	-1.856	-1.235
686+40	-1.883	-1.222
723+36	-1.631	-1.175
739+20	-1.740	-1.185
755+04	-1.832	-1.190
792+00	-1.871	-1.196
844+80	-1.913	-1.202
897+60	-1.984	-1.258
950+40	-1.795	-1.185
1003+20	-1.836	-1.204
1040+16	-1.875	-1.228
1056+00	-1.776	-1.170
1108+80	-1.852	-1.207
1161+60	-1.789	-1.164
1214+40	-1.799	-1.171
1267+20	-1.806	-1.177
1320+00	-1.742	-1.174
1372+80	-1.761	-1.158
1425+60	-1.750	-1.151
1478+40	-1.715	-1.152
1531+20	-1.714	-1.163
1584+00	-1.665	-1.147
1636+80	-1.669	-1.154
1655+28	-1.645	-1.17

Happy Valley Extension Annual Survey

Station Position	"On" Read	"Off" Read
10+73	-1.710	-1.232
35+53	-1.665	-1.181
48+45	-1.660	-1.168
50+25	-1.684	-1.170
69+79	-1.644	-1.170
80+54	-1.544	-1.149
88+84	-1.679	-1.178
95+90	-1.703	-1.197
103+05	-1.652	-1.190
120+94	-1.650	-1.187
129+86	-1.677	-1.231
133+32	-1.573	-1.222
155+85	-1.710	-1.192
187+31	-1.686	-1.162
196+02	-1.700	-1.151
208+65	-1.707	-1.150
261+45	-1.735	-1.157
297+50	-1.695	-1.147
314+25	-1.716	-1.176
333+57	-1.728	-1.213
367+05	-1.795	-1.248
419+85	-1.796	-1.183
472+65	-1.790	-1.177
495+00	-1.316	-1.055
525+45	-1.732	-1.165
575+00	-1.726	-1.141
613+95	-1.735	-1.153
625+99	-1.713	-1.150
631+05	-1.730	-1.169
683+85	-1.706	-1.158
696+00	-1.640	-1.162
736+65	-1.778	-1.188
765+99	-1.775	-1.182
782+96	-1.795	-1.199
785+91	-1.628	-1.181

George Oskolkoff Lateral Annual Survey

Station Position	"On" Read	"Off" Read
1+00	-1.658	-1.209
2+00	-1.663	-1.198
3+00	-1.735	-1.225
4+00	-1.730	-1.207
5+00	-1.731	-1.226
6+00	-1.717	-1.224
7+00	-1.723	-1.216
8+00	-1.719	-1.205
9+00	-1.696	-1.199
10+00	Test Station Removed from Survey	
11+00	-1.694	-1.223
12+00	-1.668	-1.175
13+00	-1.448	-1.058

Susan Dionne Lateral Annual Survey

Station Position	"On" Read	"Off" Read
1+00	-1.713	-1.227
2+00	-1.714	-1.234
3+00	-1.707	-1.210
4+00	-1.719	-1.223
5+00	-1.740	-1.233
6+00	-1.745	-1.225
7+00	-1.700	-1.214
8+00	-1.717	-1.222
9+00	-1.712	-1.227
10+00	-1.682	-1.215
11+00	-1.670	-1.209
12+00	-1.374	-0.956

Falls Creek Lateral Annual Survey

Station Position	"On" Read	"Off" Read
1+00	-1.771	-1.218
2+00	-1.800	-1.210
3+00	-1.809	-1.209
4+00	-1.816	-1.235
5+00	-1.790	-1.180
6+00	-1.681	-1.151
7+00	-1.513	-1.006

Paxton Lateral Annual Survey

Station Position	"On" Read	"Off" Read
0+50	-1.507	-1.204
1+00	-1.637	-1.222
2+00	-1.671	-1.211
3+00	-1.670	-1.213
4+00	-1.658	-1.211

South Coho Lateral Annual Survey

Station Position	"On" Read	"Off" Read
1+00	-1.629	-1.166
1+50	-1.614	-1.187
2+00	-1.271	-0.855

State Lateral Annual Survey

Station Position	"On" Read	"Off" Read
1+00	-1.741	-1.221
2+00	-1.626	-1.162
3+00	-1.436	-0.999

Kasilof Main Lateral Annual Survey

Station Position	"On" Read	"Off" Read
1+00	-1.826	-1.216
2+00	-1.925	-1.232
3+00	-1.783	-1.220
4+00	-1.768	-1.214
4+50	-1.780	-1.189

Of the 140 pipe-to-soil tests conducted on the KKPL system in 2013, none yielded a reading that was not within the range of acceptability.

Mainline Valve Inspection & Maintenance

Inspection and any required maintenance of 14 KKPL mainline valves was completed in 2013 by HAK personnel during the months of April and May. These inspections were performed pursuant to *49 CFR Part 192, Subpart M -Maintenance*. The focus of the inspection was to ensure that the valves were accessible and operable in the event of an emergency requiring the line shutdown. Any deficiencies noted during the inspections (e.g., gas seepage, improper operation, security) were noted on inspection records.

Inspection of ROW

The KKPL right-of-way was monitored regularly for encroachments, construction activity or other unauthorized operational activities. Aerial Patrols were done weekly during the months of April, May, June, July, August, September, and October – as weather permitted. During the remaining months of the year, aerial patrols were conducted monthly due to inclement weather and reduced potential for third-party damage.

Pressure Relief Devices and Regulating Stations

Inspection and testing of KKPL relief devices and pressure regulating stations, per *49 CFR Part 192, Subpart M -Maintenance* was conducted by HAK personnel during the month of June.

Leakage Survey

On-ground leakage surveys of the entire KKPL pipeline using leak detector equipment were conducted by Coffman Engineering personnel during the months of January and July following or exceeding the requirements of federal pipeline safety regulations (*49 CFR Part 192, Subpart M – Maintenance*). No leaks were detected. In addition to conducting the leakage survey, other on-ground opportunities were and are used to observe right-of-way conditions (e.g., pipeline markers, soil erosion).

Communications and Pipeline Control

Data communication and control of the KKPL pipeline system was accomplished via Hilcorp's networks; which include local PLCs, radio towers, and the "Wonder Ware" network located at the Kenai Gas Field. Data communication and control transferred to Hilcorp on February 1, 2013.

Hazardous Substances Discharge

There were no discharges of oil or other hazardous substances by HAK on the KKPL ROW to report during 2013.

Risk Management Program

As written in the “KKPL Quality Assurance Manual,” Section 4 “Risk Assessment and Management,” the risk management program is comprised of approximately 14 separate standards, programs, or processes that address hazards and liabilities associated with the operation of the KKPL system. Some of those fourteen are pipeline specific, e.g., PHMSA Pipeline Accident & Incident Reporting and HAK’s Gas Integrity Management Program. Others are more directed toward safe-work practices, e.g., the respiratory protection policy and hazard communications plan.

Aside from the continuous HAK process of reviewing and updating (as necessary) all of its standards, programs, and processes, there were no significant changes to the KKPL Risk Management Program.

Quality Assurance Program

HAK’s “Quality Assurance Manual,” previously referenced, is the plan that was followed by HAK to satisfy the general stipulations of the lease agreement between the State of Alaska and KKPL. The manual includes thirteen categories (see Table 1 below) most of which are comprised of separate standards, programs, or processes—each of which is subject to review and update. None of these underwent a significant revision in 2013; therefore, KKPL’s program for quality assurance remained unchanged.

KKPL Quality Assurance Program Categories

<ul style="list-style-type: none">• Statement of Authority• Leadership, Commitment, and Accountability• Risk Assessment and Management• Personnel and Training• Contractor Services• Pipeline Design and Construction• Community Awareness	<ul style="list-style-type: none">• Operations and Maintenance• Management of Change• Document Control• Emergency Management• Incident and Non-Conformance Investigation• Assessment and Improvement
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For those Program categories having quantitative measures, it is apparent that implementation of the KKPL program was effective. Examples include continuous leadership and achievement of pre-determined objectives, satisfactory risk control, stable and experienced work force (including contractors), adherence to the operating and maintenance requirements of the U.S. Department of Transportation’s Pipeline and Hazardous Materials Safety Administration, and the administrative controls established by HAK.

KKPL (Lessee) Performance Under the Lease

Based on communications between HAK and SPCO representatives, submittals of all lease-required plans and programs to the SPCO by KKPL, it is HAK's position that KKPL fully complied with the right-of-way lease and its stipulations. Further to this, HAK underwent an inspection by PHMSA's Western Region/Alaska office during May of 2013. The inspection included reviews of HAK's operating procedures and pipeline safety programs, inspection records, and representative site visits in the field. KKPL facilities were among the visited field sites, and the procedures, programs, and records reviewed were applicable to KKPL. PHMSA has not issued any official findings as a result of those inspections.

2013 Throughput

The KKPL system's total throughput for 2013 was 16,413 Mmcf (16.4 Bcf), a 2 percent increase from 2012's total throughput of 16,060 Mmcf (16.1 Bcf).