

Kuparuk Transportation Company

2013 ANNUAL REPORT ON PIPELINE ACTIVITIES

Web Edition



Kuparuk Pipeline ADL 402294
Kuparuk Pipeline Extension ADL 409027

PURPOSE

This *Annual Report on Pipeline Activities - Web Edition*, satisfies the State Pipeline Coordinator's (SPCO) request for a summarized version of the *2013 Annual Comprehensive Report on Pipeline Activities* for **ADL 402294, Kugaruk Pipeline** and **ADL, 409027 Kugaruk Pipeline Extension**. The comprehensive report was submitted to the SPCO on February 27, 2014 and satisfied the following lease requirements:

Lease Stipulated Annual Reporting Requirements

On or before March 1 of every year this lease is in effect, following the first Lease Anniversary Date, the Lessee must submit an annual comprehensive report to the Commissioner on the state of the Pipeline System and its Pipeline Activities. The report shall address, at a minimum:

- 1) The results of the Lessee's surveillance and monitoring program during the preceding year, including annual and cumulative changes in facilities and operations, the effects of the changes, and proposed actions to be taken as a result of the noted changes.
 - Provide a summary of the scope of all surveillances, audits, self-assessments, or other internal evaluations performed by the Lessee.
 - Summarize findings, action items and other observations identified as a result of all surveillances, audits, self-assessments, or other internal evaluations performed by the Lessee.
 - Describe corrective and protective actions planned or implemented as a result of all surveillances, audits, self-assessments, or other internal evaluations performed by the Lessee.
 - To the extent known, list by quarter, those surveillances, audits, self-assessments, or other internal evaluations planned for next year.
- 2) The state of, changes to, and results in the last year from the Lessee's risk management program, Quality Assurance Program, and internal and external safety programs.
- 3) Lessee's performance under the lease stipulations.
- 4) Other information on construction, operations, maintenance, and termination activities necessary to provide a complete and accurate representation of the state of the Pipeline System and Lessee's Pipeline Activities.
- 5) A summary of all events, incidents and issues which had the potential to or actually did adversely impact pipeline system integrity, the environment, worker or public safety, and a summary of the Lessee's response.
- 6) A summary of all oil and hazardous substance discharges including date, substance, quantity, location, cause, and cleanup actions undertaken. Minor discharges below agreed upon thresholds may be grouped into monthly total amounts, provided the number of separate incidents is reported.
- 7) Any additional information requested by the State Pipeline Coordinator.

OVERVIEW

Kuparuk Transportation Company (KTC) has entered into two Right-of-Way (ROW) Leases with the State of Alaska for the following Kuparuk pipelines:

<u>Pipeline</u>	<u>Alaska Division of Lands Number</u>
Kuparuk Pipeline(KPL)	ADL 402294
Kuparuk Pipeline Extension (KPE)	ADL 409027

This section presents an overview of these two pipelines, summarizing general and pipeline specific location and configuration, identifies pipeline ownership, and describes general responsibilities related to requirements contained in the ROW agreement.

LOCATION AND CONFIGURATION

GENERAL

Located on the North Slope of Alaska, and on State-owned lands, the Kuparuk pipelines transport processed crude oil from the Kuparuk Field and surrounding areas eastward to the Trans-Alaska Pipeline System (TAPS) Pump Station 1 (PS1). See Figures B-1 and B-2.

Similar to other North Slope pipelines, the Kuparuk pipelines route through terrain underlain by permafrost, which may subject the support structure to subsidence. To prevent the adverse effects of thaw-settlement and to allow passage of wildlife, the majority of the pipelines are supported by an aboveground system composed of vertical and horizontal support members that place the line a minimum of five feet above the tundra. The lines are uncoated [except for the new 18-inch section of the KPE between Central Processing Facility 2 (CPF2) and the Drill Site 2 Z Access Road], insulated with polyurethane to conserve heat, and wrapped in a galvanized steel jacket to protect the insulation. The exceptions to the aboveground configuration are the Kuparuk River Unit (KRU) road and caribou crossings, where the lines are located below grade within air annulus casings.

KUPARUK PIPELINE EXTENSION

The KPE ties the Alpine Oil Pipeline (AOP) to the KPL for the purpose of transporting oil from the Colville River Unit. From CPF2, the KPE boundary begins at the upstream flange of the remotely operated valve, ROV-1004, leaving the facility. At CPF2, the line starts as 18-inch diameter pipe and runs approximately 9 miles to the connection manifold (Module AU-01) at KRU Central Processing Facility 1 (CPF1).

Within the KRU, near the intersection of the Oliktok Road and Spine Road, Eni's Nikaitchuq Oil Gathering Line (Eni Line) ties into the KPE. The Eni Line is a, 10-inch diameter pipeline, approximately 14 miles in length. The boundary between the Eni Line and KPE is the upstream flange of tie-in valve HV-L1-1188.

KUPARUK PIPELINE

The KPL traverses approximately 28 miles from the KRU CPF1 connection manifold to its pig receiver adjacent to PS1. At this point, the 24-inch pipeline reduces to 16-inch diameter.

Approximately six miles downstream of CPF1, Milne Point crude oil enters the KPL from a 10.4-mile long, 14-inch diameter pipeline. The boundary between Milne Point and KPL is the downstream flange of the Milne tie-in valve XV-6850.

The KPL ends at the flange upstream of isolation valve 320-BL just inside the PS1 fence line. Oil flows through 320-BL, metering, and into TAPS tankage and/or pump suction. Kuparuk Transportation Company owns valve 320-BL and the piping and equipment up to the block valve and just downstream of the Kuparuk metering and prover skid. Operation of this equipment, including spill response within PS1, is under the sole control of the TAPS operator, Alyeska Pipeline Service Company. See Table B-1 for additional information.

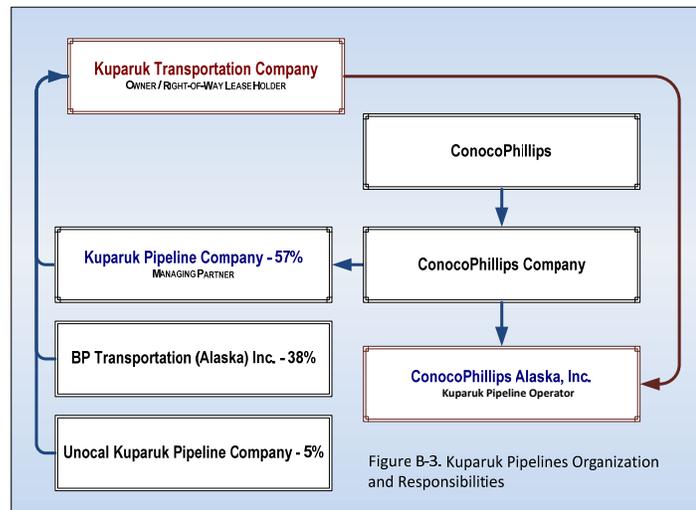
CPF2 DIVERT TANK "A"

Associated facilities include Divert Tank "A" located on the east side of the KRU CPF2 pad. Designated by the Department of Transportation as a breakout tank, it receives only diverted oil from either Alpine or CPF2 allowing the KPE or AOP oil flow to continue during periods of pipeline outage. See Table B-1 for additional information.

OWNERSHIP AND RESPONSIBILITIES

KTC, a general partnership between Kuparuk Pipeline Company (owned by the ConocoPhillips Company, effective 31 December 2002), BP Transportation (Alaska) Inc., and Unocal Kuparuk Pipeline Company, is the Owner and ROW Leaseholder for the Kuparuk pipelines and is responsible for ROW compliance.

On 14 January 2013, KTC designated Barry Romberg as the "Authorized Representative" to perform business related to the Kuparuk pipeline ROW Leases.



The Kuparuk Pipeline Operator, ConocoPhillips Alaska, Inc. (CPAI), operates the assets and ensures the development, implementation, and documentation of required programs, policies, and procedures.

Figure B-3 provides a graphic representation of the organization and responsibilities.

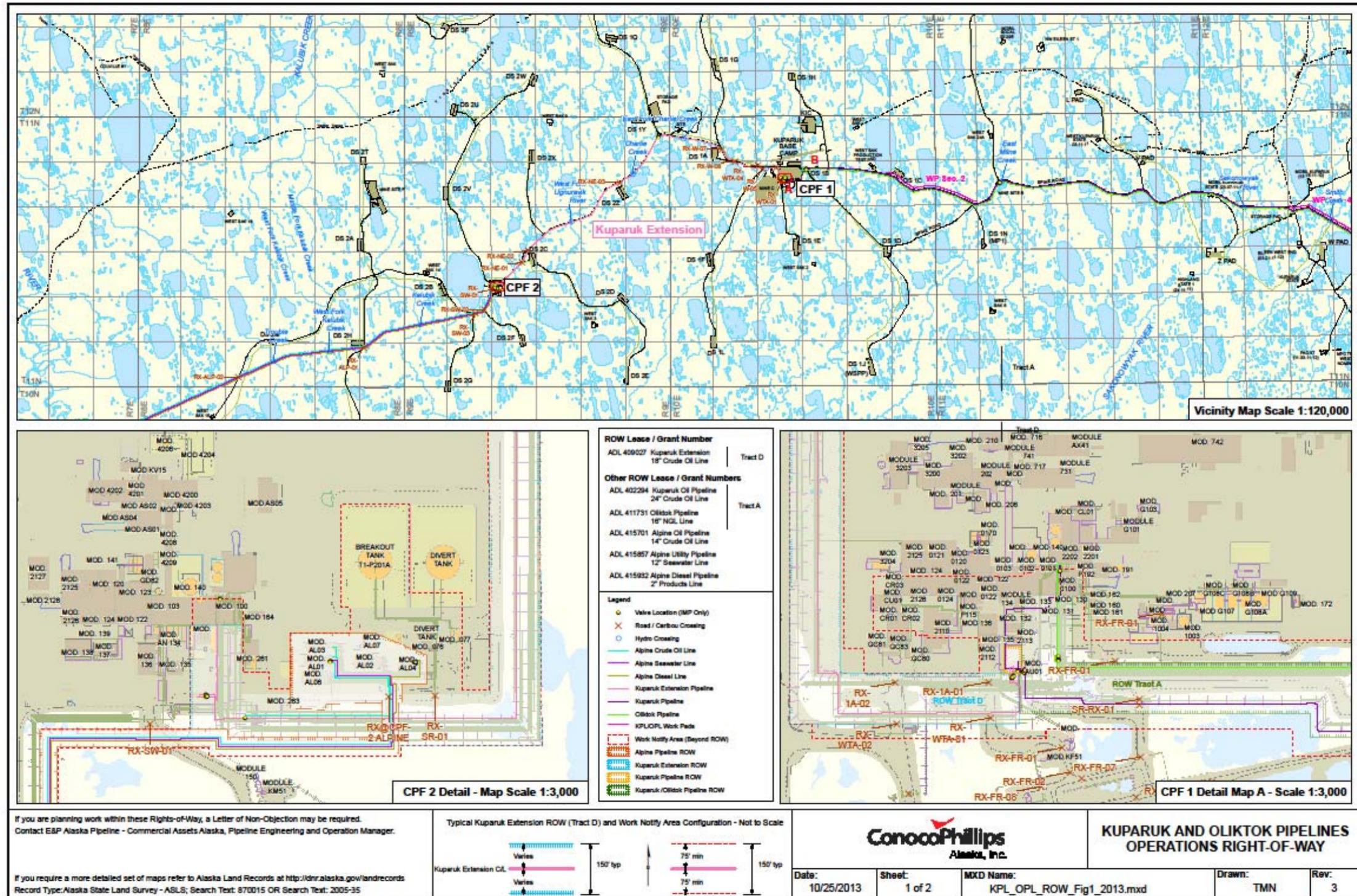


Figure B-1. Kuparuk and Oliktok Pipelines Operations Rights-of-Way

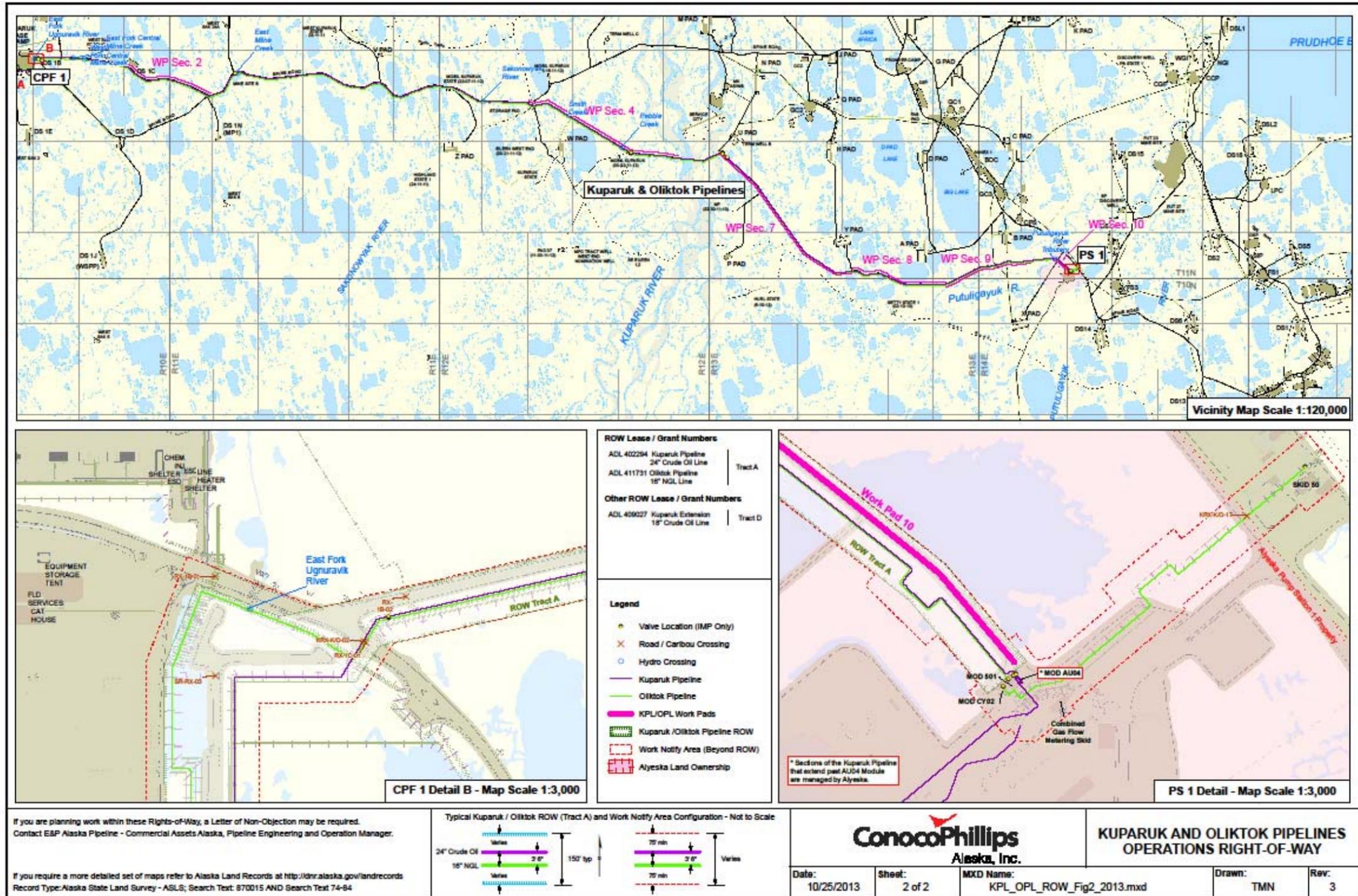


Figure B-2. Kuparuk and Oliktok Pipelines Operations Rights-of-Way

Table B-1. Pipeline Specific Configuration

Pipeline or Facility	Fluid Transported	Capacity	MOP (psig)		Temperature (°F)	DOT Regulated	Piggable	CPM Leak Detection	Double Bottom		
Kuparuk Extension	Crude Oil	--	1415	@	150	Y	Maint / Smart	Y	--		
Kuparuk	Crude Oil	350,000 bpd	1415	@	150	Y	Maint / Smart	Y	--		
CPF2 Divert	Crude Oil	~ 55,000 bbl	--		--	Y	--	--	Y		
Pipeline or Facility	Diameter	Grade ¹	Cross Country			Kuparuk River Crossing			Length (miles)	Line Start	Line End
			Wall ¹ (inches)	Coating	Insulation (inches)	Wall (inches)	Coating	Insulation (inches)			
Kuparuk Extension	18"	API 5L-X65	0.438	FBE	3	--	--	--	~4	CPF2 APL	2Z Pad Access Road
	18"	API 5L-X65	0.375	--	3	--	--	--	~5	2Z Pad Access Road	CPF1 Module AU-01
Kuparuk	24"	API 5L-X65	0.406	--	3	0.75	--	3	~28	CPF1 ²	PS1 ³
	16"	API 5L-X65	0.375	--	--	--	--	--	0.033144	PS1 ³	PS1 320-BL
CPF2 Divert Tank "A"	100'	--	--	--	--	--	--	--	--	CPF2 Pad	

Note:¹ Majority of pipeline.² Connection manifold.³ Pig receiver adjacent to PS1.

PROGRAMS

KUPARUK PIPELINES QUALITY PROGRAM

Kuparuk Transportation Company is committed to conducting business in a manner that protects the safety and health of employees, its contractors, its customers, the public, and others involved in the operation of its facilities. Furthermore, it is committed to conducting business in a manner that assures public confidence and is compatible with the balanced environmental and economic needs of the communities in which it operates. These commitments require facilities to be designed, constructed, operated, and maintained to accepted standards, and in compliance with all applicable laws and regulations.

Approved by the SPCO on 03 October 2006, the *Kuparuk Pipelines Quality Program*, Revision 2, defines the elements of a quality system necessary to satisfy these commitments, identifies *what* the system intends to accomplish, and provides guidance for the development of contractor quality plans that define *how* expectations are fulfilled.

HEALTH, SAFETY, AND ENVIRONMENTAL MANAGEMENT SYSTEM STANDARD

To ensure compliance with the *Kuparuk Pipelines Quality Program*, CPAI implements the *Health, Safety, and Environmental Management System Standard (HSEMSS)*. The *HSEMSS* identifies the processes required to assess and manage the operational risk to the business, its stakeholders, and the environment.

A framework to protect people, assets, and the environment; the HSEMSS includes 15 interrelated elements essential for successful system implementation. Effective 30 August 2007, the HSEMSS implements a continuous improvement cycle of Policy and Leadership, Plan, Do, Assess, and Adjust; each includes one or more of the essential elements. Table C-1 provides a quality program matrix cross-referencing the Kuparuk Pipelines Quality Program and the HSEMSS.

QUALITY MANAGEMENT SYSTEM

Kuparuk pipeline facilities and equipment must be designed, constructed, operated, maintained, and terminated in accordance with applicable requirements identified in specifications, drawings, codes, standards, criteria, contract documents, and government regulations. To achieve compliance, assure quality, and maintain system integrity, the CPAI *Quality Management System (QMS)* provides a central quality function to facilitate the successful implementation of business unit quality plans and programs.

The *QMS* executive sponsors ensure adequate technical resources are committed to the development and implementation of quality plans, the affected groups have sufficient technical support, and management has the required oversight. The *QMS* and the associated assessment program meet the requirements of the *HSEMSS* and other existing operational agreements with various regulatory agencies.

Table C-1. Kuparuk Pipelines Quality Program and HSEMSS Cross-Reference Matrix

Pipeline Quality Program, Revision 2	Health, Safety, and Environmental Management System Standard													Other Methods		
	Policy & Leadership	Strategic Planning Goals & Objectives	Structure & Responsibility	Asset & Operations Integrity (includes OMS)	Risk Assessment	Legal Reviews & Operations SIDS	Measuring, Monitoring, & Review	Emergency Preparedness	Communication	Programs & Procedures	Non-Conformance & Investigation	Audits	Document Control & Records	Awareness, Training, & Competency	Other	Description
PQP 1: Statement of Authority N/A																
PQP 2: Introduction N/A																
PQP 3: Leadership, Commitment, and Involvement Quality Program, Resources, and Program Goals, Objectives, and Measurements	■	■	■			■	■			■		■				
PQP 4: Risk Management Incident Investigation, Emergency Response, Spill Prevention, Hazards Analysis, Risk Management, Ground Water Monitoring, Community Involvement, Dispersion					■			■			■					
PQP 5.2: Personnel, Roles and Responsibilities Committee Charter, Work Rules, Skills Inventories, Role Statements			■						■	■				■		
PQP 5.3: Personnel, Training Training Modules, Orientation Programs, Training Needs Analysis, Technical Training Programs, Training Records Systems														■	■	<ul style="list-style-type: none"> ↪ Annual Performance Agreements ↪ North Slope Training Cooperative
PQP 5.4: Personnel, Industrial Hygiene and Health Hazard Communications, Exposure Assessment, Medical Surveillance, Wellness Programs, Ergonomic Assessments, Off-the-Job Safety Programs, Personal Protective Equipment					■		■		■	■	■					
PQP 5.5: Personnel, Employee Ownership HES Committees, Self-Audit Programs, Employee Involvement Programs							■					■		■		
PQP 5.6: Personnel, Employee Recognition Employee Recognition and Achievement Programs	■						■			■				■		
PQP 5.7: Personnel, Community Involvement Community Advisory Panels, Surveys, Open Houses, Compliant Response Systems, Community Clean up Projects, Participation in Civic Organizations, Pro-active Environmental Projects		■			■	■	■		■	■					■	Community and Native Relations Organization
PQP 6: Contractor Services Contractor Selection, Training, Systems, Audits, Orientation Programs, Incident Investigation, Roles and Responsibilities				■	■							■			■	<ul style="list-style-type: none"> ↪ Procurement Procedure ↪ Approved Manufacturers List
PQP 7: Design and Construction Design and Construction Management, Risk Assessment, Change Management				■	■	■					■		■		■	EPDDRM – Engineering Projects Data and Documents Requirements Manual
PQP 8.2: Operations and Maintenance, Mechanical and Operational P&IDs, Effluent and Emission Monitoring, Preventive Maintenance Programs, Mechanical Integrity Procedures, Process Flow Diagrams, Electrical Classification Drawings, Work Force Qualification Programs, Management of Change Systems, Quality Control and Assurance Programs, Risk-based Inspection Programs				■						■			■	■	■	<ul style="list-style-type: none"> ↪ EPDDRM - Engineering Projects Data and Documents Requirements Manual ↪ SOP 0026 - Removal of Over-Pressure Protection Devices ↪ SOP 0042 - Pipeline Corrosion Program ↪ SOP 0043 - Maintenance and Repairs ↪ SOP 0044 - Surveillance Program ↪ SOP 0201 - Leak Detection ↪ SOP 5302 - Revising Manuals ↪ SOP 5303 - Certifying Manuals

Table C-1. Kuparuk Pipelines Quality Program and HSEMSS Cross-Reference Matrix (continued)

Pipeline Quality Program, Revision 2	Health, Safety, and Environmental Management System Standard													Other Methods		
	Policy & Leadership	Strategic Planning, Goals & Objectives	Structure & Responsibility	Asset & Operations Integrity (includes OMS)	Risk Assessment	Legal Reviews & Operations SIDS	Measuring, Monitoring, & Review	Emergency Preparedness	Communication	Programs & Procedures	Non-Conformance & Investigation	Audits	Document Control & Records	Awareness, Training, & Competency	Other	Description
PQP 8.3: Operations and Maintenance, Pollution Prevention Waste and Emission Tracking, Track of Energy Utilization, Effective Cost Accounting of Waste Disposal, Recycling, Risk Assessment, Process and Product Design				■			■			■	■		■	■	■	<ul style="list-style-type: none"> North Slope Environmental Field Handbook Alaska Waste Disposal and Reuse Guide
PQP 9: Management of Change Change Management Systems, Work Force Studies, Business Process and Improvement Evaluations, Efficiency Studies				■						■			■	■	■	<ul style="list-style-type: none"> EPDDRM – Engineering Projects Data and Documents Requirements Manual
PQP 10: Standards and Procedures Work Practices, Spill and Release Plans, Material Handling Procedures, Training and Business Unit Policies and Procedures				■						■			■	■		
PQP 11: Information and Documentation Records Management, Document Control, Drawing Control	■			■	■	■				■			■		■	<ul style="list-style-type: none"> EPDDRM – Engineering Projects Data and Documents Requirements Manual CRT-PR-NS-80500 – Engineering Standards Preparation / Issuing & Revising Engineering Documents
PQP 12: Product Stewardship Product Information Sheets, Product Testing, Product Risk Analysis						■				■					■	<ul style="list-style-type: none"> Safety Data Sheet (SDS) / Material Safety Data Sheets (MSDS) Kuparuk Lab Database and Procedures Quality Bank Analysis
PQP 13: Incident and Nonconformance Investigation and Reporting Incident Investigation Programs, Root Cause Analysis, Corrective Action Tracking				■		■	■			■	■			■		
PQP 14: Emergency Preparedness and Management Incident Investigation Programs, Emergency Response and Spill Prevention Programs, Business Resumption Plans, Community Involvement Programs, Emergency Preparedness Plans, Tabletop Drills, Critical Task Analysis, Upset Mitigation, Dispersion Models								■	■						■	<ul style="list-style-type: none"> Business Resumption Plans
PQP 15.2: Assessment and Improvement, Measurement Accident/Incident Reporting, Property Loss, Statistics, Release Data, Upsets, Spills, Compliance Audits, Tracking Systems							■									
PQP 15.3: Assessment and Improvement, Regulatory and Advocacy Regulation Forecasts, Compliance Plans, Trade Association Activities, Government Relations, Community Initiatives, Pollution Prevention						■	■			■						
PQP 15.4: Assessment and Improvement, Assessments Self-audits, Corporate Assessments, Third Party Inspection, Regulatory Agency Inspections, Tracking Systems				■			■					■			■	<ul style="list-style-type: none"> OCMS – Operations Compliance Management System

OPERATIONS COMPLIANCE MANAGEMENT SYSTEM

Kuparuk Transportation Company utilizes the *Operations Compliance Management System (OCMS)*, Revision 4, dated October 2010, to implement a systematic approach for ensuring pipeline operation in compliance with applicable laws, regulations, and ROW lease covenants and stipulations. Revision 4 incorporated the use of IMPACT as a means of tracking findings.

RESULTS

The 2012 Annual Comprehensive Report on Pipeline Activities identified a number of planned internal compliance and quality assessments scheduled for completion in 2013 and identified previous internal and external assessment activities requiring action. This section summarizes year 2013 audits and assessments, associated results and recommendations, and outstanding action plans, performed in accordance with the following processes:

- Health, Safety and Environmental Management System Standard
- Quality Management System
- Operations Compliance Management System

This section also includes a recap of External Agency surveillances and inspections and related responses.

Figure C-1 provides a five-year summary of internal and external assessment activities. Additional information and supporting documentation is available upon request.

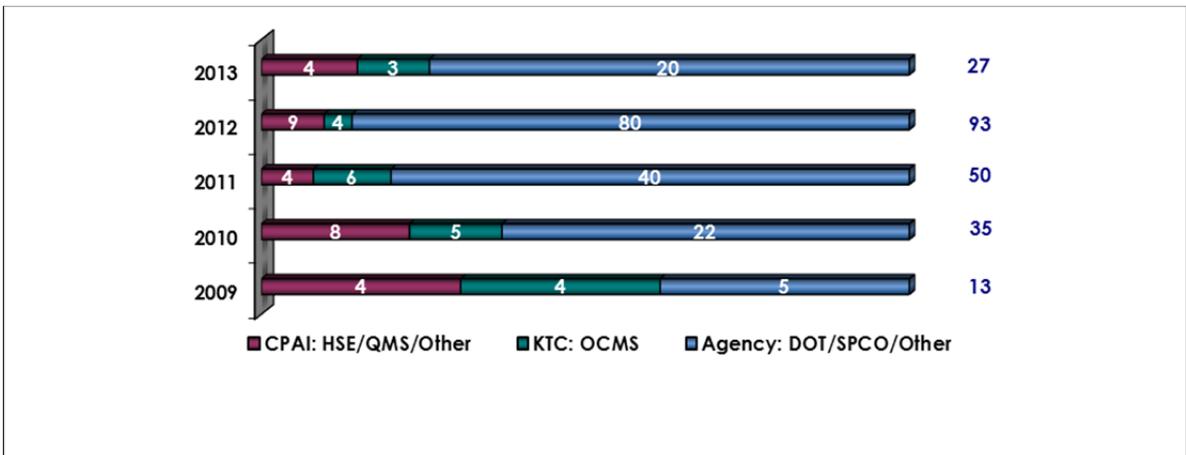


Figure C-1. Assessment Summary by Year

INTERNAL ASSESSMENTS

HEALTH, SAFETY, AND ENVIRONMENTAL MANAGEMENT SYSTEM STANDARD

Corporate and Business Unit

Corporate and Business Unit HSE compliance audits typically cover Federal and State regulations as well as corporate standards. There were no HSE compliance audits performed for the Greater Kuparuk Area in 2013. A Corporate HSE compliance audit is planned in 2014.

Contractor

Contractor *HSEMSS* audits are a comprehensive review of 12 management system elements. Scoring is based upon the existence of written systems and verification of implementation of those systems. Contractors are scored under a *Stoplight Scoring System* of red, yellow, or green. Contractors scoring yellow or green are approved to work without any special provisions. Contractors scoring yellow develop a corrective action plan to address improvement opportunities within their management systems to increase the overall effectiveness of their programs/systems. ConocoPhillips monitors these corrective action plans through completion and reviews them for implementation during the next scheduled audit. Contractors scoring red must have a written improvement plan approved by a ConocoPhillips Vice President to be able to or continue to work for ConocoPhillips and are closely monitored and re-audited in one year.

In 2013, HSE Management System Audits were conducted on Alaska Clean Seas, ASRC Energy Services, and Kakivik Asset Management. All contractors scored yellow or green and do not require a variance to continue working.

QUALITY MANAGEMENT SYSTEM

Pipeline operations continued in 2013 under the oversight of CPAI, with the Quality Assurance (QA) Department, Capital Projects Group, working on project related quality assurance. The guidelines for this oversight program included the criteria established by the *QMS*, which aligns with ISO 2000 / 9000 philosophies. The QA Supervisor, supported by field surveillance QA personnel, administered this program. There were no assessment of vendors providing pipeline related services performed in 2013.

OPERATIONS COMPLIANCE MANAGEMENT SYSTEM

The *OCMS* provides a systematic approach for ensuring pipeline operations and maintenance in accordance with all applicable laws, regulations, and ROW covenants and stipulations. Table C-2 provides a list of current year assessments and previously identified findings with outstanding corrective actions.

EXTERNAL ASSESSMENTS

STATE PIPELINE COORDINATOR'S OFFICE

In 2013, SPCO staff evaluated compliance with numerous Kuparuk pipelines lease stipulations. Table C-3 provides a recap of the inspections, surveillance, and field visits completed; the number of reports documenting observations; and the status of compliance (satisfactory (S) or unsatisfactory (UNSAT)). Report copies are available upon request.

Table C-2. Operations Compliance Management System Assessment Summary

Number	Description	Final Report	Findings	Closed
2013				
2013 - 1	Operations and Maintenance Procedures Focus Area: Drawings and Maps, including select P&IDs	05/30/12	1	11/20/13
2013 - 2	Operations and Maintenance Procedures Focus Area: Corrosion Program, Maintenance and Repair, and Additional Information including that related to Cathodic Protection and Pig Launchers/Receivers	12/10/13	5	0
2013 - 3	Operator Qualification Program Focus Area: Evaluation using PHMSA OQ Protocol Elements 1-7	(1)	1	0
2011				
2011-5	DOT-PHMSA Anti-Drug and Alcohol Misuse and Prevention Program	11/11/11	1	12/10/13

(1) Draft Assessment Report under review

Table C-3. State Pipeline Coordinator's Office Inspection, Surveillance, and Trip Summary

Letter		Inspection, Surveillance, or Trip				Reports		
Date	Number	Type	Focus Area	Performed		Pipeline		Sat/ Unsat
				From	To	KPL	KPE	
(1)		Insp	Stipulation 2.4.6.1	11/19/13	11/19/13			
(1)		Insp	Stipulations 1.4, 1.8.2(2), 1.10.1, 2.2.1.1, and 2.2.3.1	11/11/13	11/12/13			
12/27/13	13-549-AS	Insp	ROW Inspection Follow-up	07/07/13	08/25/13			(2)
07/29/13	13-331-AS	Insp	ROW - Closeout FY 1 Lease Objectives	04/03/13	04/05/13	5	5	S
06/27/13	13-289-AS	Insp	Discharge Reporting -- Abandoned 24" Pipeline in ROW	--	06/21/13	--	1	S
05/28/13	13-187-AS	Trip	Sleeve Installation	04/15/13	04/16/13	1	--	S
04/22/13	13-131-AS	Insp	2012 Annual Comprehensive Report	--	04/08/13	4	4	S

(1) TBD – Awaiting inspection report

(2) TBD -- Supplemental information requested

OTHER REGULATORY AGENCIES

In 2013, there were no inspections conducted relating to Kuparuk pipelines by the Department of Transportation, Environmental Protection Agency, or the Alaska Department of Environmental Conservation.

PROGRAMS

Kuparuk Transportation Company and CPAI management recognize comprehensive risk management reduces operating risk and the potential for safety, health, and environmental incidents and liabilities. To ensure effective risk management, CPAI established a variety of systems for identifying potential hazards and liabilities, assessing risk, evaluating prevention and mitigation measures, and ensuring the implementation of control techniques for the continued management of risk associated with activities such as:

- Acquisition and Divestiture
- Design and Construction
- Operations and Maintenance
- Environmental Management
- Waste Management
- Emergency Planning and Response

Additionally, CPAI proactively implements systems providing a comprehensive approach to manage personal exposures in the work place, and for communicating those exposures to affected employees. Furthermore, the priority of risk mitigation techniques remains:

- Engineer out the hazard
- Implement administrative controls
- Provide personal protective equipment

ACQUISITION AND DIVESTITURE

The *ConocoPhillips Due Diligence Standard* and *CPAI Due Diligence Program* outline requirements to ensure potential liabilities related to health, safety, environmental, and other social issues are sufficiently identified, understood, documented, and addressed prior to all business transactions pertaining to real property or business ventures.

DESIGN AND CONSTRUCTION

PROCESS HAZARD ANALYSIS

The *Process Hazard Analysis Standard* establishes the organizational protocols and technical standards applied to Process Hazard Analyses (PHA) and Process Safety Assessments conducted on new or existing CPAI surface facilities. Organizational protocols include workflow and assignment of responsibilities to ensure evaluation of process hazards and adequate control prior to startup of new or modified facilities. Technical standards address how to perform and document PHA, how to determine risk exposure, and how to determine the adequacy of independent protection levels. Several updates took place in 2013.

MANAGEMENT OF CHANGE

The *Management of Change* process ensures facility design and operational changes do not inadvertently introduce significant new hazards into facility processes. It provides a systematic means to ensure process safety information and operating procedure updates; health, safety, and environmental issue identification and mitigation; and training as necessary, in response to changes.

OPERATIONS AND MAINTENANCE

GENERAL

To minimize current and future operations and maintenance risks, CPAI conducts:

- Pre-job safety assessments and planning meetings prior to large maintenance or construction activities
- Post-job reviews to assess job performance and to identify future improvements
- Routine safety meetings to discuss potential areas of concern and identify future improvements
- Maintenance and equipment integrity programs using risk-based evaluation processes
- Insurance surveys to identify and evaluate major exposures for management
- *TAP Root* analysis to evaluate incidents and near misses in an effort to reduce repeated incidents

DEPARTMENT OF TRANSPORTATION PROGRAMS

Integrity Management Program

In accordance with *49 CFR §195.452, Pipeline Integrity Management in High Consequence Areas*, CPAI implements an *Integrity Management Program (IMP)* to enhance and validate pipeline integrity and protect high consequence areas (HCA) that could be affected by an unintended release of hazardous liquids from a pipeline system.

ConocoPhillips Alaska, Inc. reviews the *IMP* annually and revises sections as necessary. The current program version is Edition 2, Revision 5, issued 30 June 2013. The 2013 review resulted in revisions, which were summarized and provided to SPCO in the 2013 Annual Comprehensive Report on Pipeline Activities.

Operator Qualification Program

In accordance with *Subpart G of 49 CFR 195, Qualification of Pipeline Personnel*, CPAI implements an *Operator Qualification Program (OQ Program)* to ensure a qualified workforce and to reduce the likelihood and severity of pipeline accidents caused by human error. It requires the identification of “covered tasks”, which can affect pipeline operations or integrity; and personnel qualification to ensure individuals have the necessary knowledge, skills, and ability to perform the covered tasks, and recognize and respond appropriately to an abnormal operating condition.

ConocoPhillips Alaska, Inc. reviews the *OQ Program* annually and revises it as necessary. The current program is Version 3.4, issued 30 October 2013. The 2013 review resulted in revisions, which were summarized and provided to SPCO in the *2013 Annual Comprehensive Report on Pipeline Activities*.

Public Awareness Program

In accordance with *49 CFR §195.440, Public Education*, CPAI implements a *Public Awareness Program (PAP)* to enhance the continued safe operations of the North Slope pipelines by promoting safe performance and launching communications networks to help the public understand:

- The North Slope pipelines role in the petroleum products transportation system in Alaska and the United States
- How these pipelines function (e.g., products transported)
- Their responsibilities to help prevent pipeline damage

ConocoPhillips Alaska, Inc. reviews the *PAP* every four years and revises it as necessary. The current program is Revision 4, issued November 2013. In 2013, CPAI revised the maps included in the *PAP* printed materials.

Drug and Alcohol (Substance Abuse) Policy

ConocoPhillips Alaska, Inc. complies with the *ConocoPhillips Global Substance Abuse Policy*, the *U. S. Substance Abuse Policy*, and the Drug and Alcohol Policy for PHMSA-Regulated Employees. In accordance with *49 CFR §199, Drug and Alcohol Testing*, CPAI complies with the *Drug and Alcohol Policy for Pipeline and Hazardous Materials and Safety Administration Regulated Employees*, and implements the corporate *Department of Transportation (DOT) Procedures (Drug and Alcohol)*. These policies and procedures are designed to eliminate substance use and abuse in the workplace and preserve a safe, healthful, and productive work environment for employees.

ENVIRONMENTAL MANAGEMENT

The *North Slope Environmental Field Handbook*, revised 12/05/2011, provides a general overview of the procedures developed by CPAI, BPXA, ENI, EMDC, and Pioneer to comply with the environmental regulations applicable to the oil fields. Practices providing the foundation for North Slope environmental management include:

- Planning to identify applicable permit requirements, spill prevention practices, or environmental restrictions
- Ordering supplies and material carefully to avoid hazardous materials and minimize waste
- Developing a waste management plan to identify the disposition of waste generated for a project in advance
- Keeping all vehicles and equipment in good working condition and initiating repairs immediately if needed
- Using portable liners under all fluid transfer points
- Reporting spills immediately according to operating unit procedures

WASTE MANAGEMENT

The *Alaska Waste Disposal and Reuse Guide*, Revision 9, issued jointly by CPAI and BP Exploration (Alaska) Inc. in February 2013, provides consistent waste management guidance for employees and contractors to help ensure compliance with applicable regulations and company policies. Changes incorporated in 2013 were summarized and provided to SPCO in the *2013 Annual Comprehensive Report on Pipeline Activities*.

EMERGENCY PLANNING AND RESPONSE

EMERGENCY ACTION PLAN

The *Kuparuk Facilities Emergency Action Plan (EAP)* identifies responses for situations with the probable or actual loss of life, extensive injuries, environmental damage, or significant business interruption during the operation of Facilities and pipelines within the CPAI, Greater Kuparuk Area. The plan is designed to:

- Provide a prompt and efficient response action procedure and organization to ensure the safeguard of personnel, property, and environment
- Minimize business interruption
- Provide prompt notification of all affected parties

Emergency Action Plan reviews are scheduled to occur annually. Revisions incorporated in 2013 included the addition of an Aviation Accident/Incident Section and Automated External Defibrillation (AED) locations; revision of the KPL matrix to clarify pipeline response and support role; revision of the KPL spill notifications, and addition of breakout tank references.

OPERATIONS BUSINESS CONTINUITY PLAN

The *Greater Kuparuk Area (GKA) Operations Business Continuity Plan*, updated June 2013, addresses business resumption when an event occurs which is beyond the scope of the standard operating procedures. This plan offers guidance to:

- Minimize the effect of an event on Operations by providing a set of procedures and tasks to be used, in the event of a disaster
- Restore vital business functions to insure business continuity
- Minimize the number of decisions, which must be made during an event
- Reduce the Operation's dependence on the participation of any one specific person or one specific group of people in the recovery of the Operation's business function
- Seek to stop the need to develop, test, and correct new procedures during recovery
- Curtail the adverse impact of lost data, recognizing that the loss of some transactions is inevitable
- Compress the elapsed time impacting the recovery process
- Minimize the losses associated with extended business malfunctions
- Reduce confusion and exposure to errors
- Eliminate the duplication of effort

OTHER RISK MANAGEMENT PROCESSES

Other proactive risk management processes utilized during design, construction, operations, and maintenance include:

- Process Safety Management (PSM), Employee Participation Plan
- Health, Safety, and Environmental Policies

PROCESS SAFETY MANAGEMENT, EMPLOYEE PARTICIPATION PLAN

The *Greater Kuparuk Area, PSM Employee Participation Plan and Roadmap*, issued 04 August 2006 and updated 01 June 2013, provides an overview of mechanisms to optimize employee participation in the evaluation, implementation, and maintenance of PSM activities. Programs and methods available for employees to identify potential hazards or corrective and mitigative measures include, but are not limited to the following:

- PSM Committees
- Alaska Safety Handbook Revision Process
- Behavior Eliminates All Risk (BEAR) Process
- Emergency Drills
- Safety Audit and Assessment Programs
- Safety Policies and Standards Development
- Process Safety Information: Chemical and Process Equipment Information
- Operating Procedures
- Pre-Startup Safety Reviews
- Mechanical Integrity Processes: PSM Covered Equipment Identification, PSM Inspection and Testing, and Maintenance Training Program
- Incident Investigation
- Compliance Safety Audits
- Near Miss Reporting
- Monthly Incident Review Meeting
- Incident Reporting and Investigation Subcommittees and Process
- Roads and Pads Safety Committee
- Process Hazards Analysis (PHA)
- Standard Operating Procedures Development
- Safety Bulletin Boards, Walkthroughs and Meetings
- Training
- Hot Work Permits
- Management of Change
- Emergency Planning and Response
- Trade Secrets

HEALTH, SAFETY, AND ENVIRONMENTAL POLICIES

The following summarizes other HSE policies CPAI uses to evaluate, measure, and control potential hazards to personnel and contractors. Policies include, but are not limited to the following:

- Asbestos and Other Respirable Fiber Management
- Bloodborne Pathogens [Revised 01/30/12]
- Carseal
- Hazard Communication
- Cold Weather
- Confined Space Entry
- Contractor Safety and Health Performance
- De-Rated Piping and Equipment
- Energy Isolation Audit [Effective 04/01/13]
- HSE Audit
- HSE Document Control
- Incident Notification and Investigation
- Lead Management
- Manual Material Handling
- Natural Occurring Radioactive Material
- Vehicle Policy
- Permit to Work Audit
- Personnel and Organizational Management of Change
- Personal Protective Equipment
- Pipe Plug Use for Vapor Barriers
- Portable Multi-Gas Equipment
- Radiation Safety
- Weapons

RESULTS

DESIGN AND CONSTRUCTION

PROCESS HAZARD ANALYSIS

There were no PHA associated with design and construction in 2013.

OPERATIONS AND MAINTENANCE

GENERAL

In April 2013, a team of Corporate HSE and third party auditors, who specialize in identification of insurance risk and loss prevention, performed an insurance and risk survey of the Greater Kuparuk Area. The team did not identify any major exposures associated with the Kuparuk pipelines.

DEPARTMENT OF TRANSPORTATION PROGRAMS

Annual Reports

In April 2013, the *2012 Annual Reports -- Hazardous Liquid Pipeline Systems* were submitted for the DOT-regulated pipelines as required by 49 CFR §195.49, *Annual Report*.

Advisory Bulletins

Table D-1 provides a summary of Advisory Bulletins applicable to CPAI operations issued or addressed during this reporting period.

Final Rules

There were no Final Rules published in 2013.

Integrity Management Program

Table D-2 provides a summary of 2013 IMP evaluation results and the status of previous year outstanding actions.

Operator Qualification Program

Table D-3 provides high-level OQ Program metrics for the previous and current year including the number of program participants, number of covered tasks, and the status of the required program evaluations.

Public Awareness Program

The *PAP* requires communications to various stakeholder audiences to ensure awareness of the following:

- The purpose, description, and location of the DOT-regulated North Slope pipelines and facilities
- Potential hazards and prevention measures associated with the pipelines and facilities

- Emergency preparedness activities and the stakeholder's role in the process
- Who should be contacted in the event of an emergency or if additional information is desired

Table D-4 provides a summary of communications, the planned method and frequency, how many communications were distributed during the last delivery, and the date of the last formal communication. CPAI also has other extensive communication networks not represented in this summary.

Table D-5 provides the status of the program implementation evaluations administered every four years. These evaluations are intended to determine the effectiveness of outreach, the level of individual knowledge, identify any changes in behavior, and the changes to bottom-line results. The four-year evaluation, conducted in late 2012/2013, resulted in no changes to the communication methods or frequency.

Table D-1. Advisory Bulletins

Bulletin	Date	Summary	Action	Closed
2013				
2013-04	08/28/13	Notice to Operators of Natural Gas and Hazardous Liquid Pipelines of a Recall on Leak Repair Clamps Due to Defective Seal	Kuparuk review determined no repair clamps are installed nor are TDW Leak Repair Clamps stocked in pipeline repair kits.	08/30/13
2013-02	07/12/13	Potential for Damage to Pipeline Facilities Caused by Flooding	Review of numerous plans and operating procedures that address prevention and emergency procedures, including flooding, determined CPAI complies with this advisory bulletin and no additional actions are required.	07/13/13
2013-01	01/30/13	Telephonic Notification Time Limit to National Reporting Center (NRC)	Revised <i>SOPs: Accident Reporting and Safety Related Condition Reporting</i> .	02/28/13
2012				
2012-10	12/05/12	Pipeline Safety: Using Meaningful Metrics in Conducting Integrity Management Program Evaluations	An evaluation of <i>IMP Section 9, Evaluation and Quality Assurance</i> , was conducted using the PHMSA matrix of meaningful performance metrics. The Performance Measures identified in Appendix P of the 2012 Program and Performance Measure Evaluation met all PHMSA expectations.	04/21/13
2012-09	10/11/12	Pipeline Safety: Communication During Emergency Situations	<i>Emergency Action Plan</i> review resulted in revisions of contact information.	02/04/13

Table D-2. Integrity Management Program Evaluation Summary

Category	Action / Opportunity	Status / Comments	Completion
High Consequence Area (HCA) Identification	By 30 June of each year, review the accuracy of the HCA, pipeline, and facility data to determine whether segment boundaries or other analyses and assumptions require revision due to the introduction of new or revised information.	Completed review/revision process	06/03/13
	Annually, and one year from the last submission, provide National Pipeline Mapping System (NPMS) confirmation the pipeline and contact information in the system is accurate or revise information for incorporation into the system.	Completed pipeline and contact information	03/15/13
	As a result of reviews, enhance HCA Pipeline Segment Maps and databases.	Completed during HCA evaluation	06/03/13
Risk Assessment	Perform annual risk assessment screening evaluation by 31 March.	Completed screening evaluation. There was not sufficient objective data to affect the outcome of the 2012 KPL Risk Assessment; there was sufficient objective data to affect the outcome of the 2011 KPE and Breakout Tank risk assessment.	03/14/13
	If required as a result of the risk assessment screen evaluation, perform risk assessment.	Completed risk assessment for KPE and Breakout Tank	10/21/13
Preventive and Mitigative Measures (P&MM)	Perform annual screening evaluation by 31 March as part of risk assessment screening evaluation.	Completed screening evaluation	03/14/13
	Review and further identify P&MM action items during annual Data Integration meeting.	Conducted data integration meeting	12/17/13
	Perform P&MM Evaluation within 18 months of an integrity inspection to include ILI results.	Completed P&MM evaluation on KPE	11/18/13
	As a result of P&MM reviews, locations for "Best Practice" sleeves were identified for installation over a 3-year period (2010-2013).	Completed program with installation of 68 "Best Practice" sleeves on the KPL	2013
	As a result of P&MM reviews, program implemented to proactively refurbish and tape coat ~382 weld packs in saddles on the KPL over 5 years (2011-2015) to mitigate external pipe corrosion.	Completed inspection and refurbishment of 224 locations through 2013	In Progress
Data Integration	Annually by 31 December of each year, integrate all monitoring, mitigation and inspection data for a clear picture of all damage and risks to the integrity of the North Slope DOT-regulated lines.	Conducted data integration meeting	12/17/13

Table D-3. Operator Qualification Program Statistics

KUPARUK PIPELINES

PARTICIPANTS

	2012				2013			
	CPAI	Contractor	Total	Change	CPAI	Contractor	Total	Change
	168	517	685	(180)	186	503	689	4

COVERED TASKS

Category	2012			2013		
	Total	Change	Comments	Total	Change	Comments
Breakout Tanks / Pump Stations	17	-7		17	0	
Corrosion Control	6	-1		5	-1	
Pipeline Operations	2	0		2	0	
Pipeline Repairs	15	-1		10	-5	Subtasks incorporated in maint task
Right-of-Way	3	0		4	1	
Valves	2	-1		2	0	
Miscellaneous	6	0		6	0	
Total	51	-10	Combination of similar tasks streamlines qualification process	46	-5	Combination of similar tasks streamlines qualification process

EVALUATIONS (either Kuparuk or Oliktok pipelines)

Activity	Freq	Task / Comment	Task / Comment
Performance Monitoring Goal: 2 different tasks annually	1 Y	4620 NDE Inspection; no issues 1.6.2 Inspect & Operate ROVs; no issues	3031 Kuparuk Pipeline, Operate and Monitor; no issues 3033 Oliktok Pipeline, Operate and Monitor; no issues
Record Database Review	1 Y	Completed; SkillsNow Web 6.0 issues being addressed	Completed; addressed minor issues
User Feedback Survey Goal: 10 Users	3 Y	Completed in 2010; next due date 1/1/2013	Completed in 2013; next due 2016
Program Review	1 Y	Version 3.3 release 30 September 2012	Version 3.4 release 30 October 2013

Table D-4. Public Awareness Program Communications Summary

Stakeholder Audience	Method	Frequency	Total	Last Delivery
Affected Public, Hunters, and Recreational Vehicle Users	Brochure ⁱ	3 Yrs	200	10/26/11
Affected Public: Nuiqsut Outreach Program ⁱⁱ	Various	Various	42	12/25/13
Public Officials	Letter	3 Yrs	7	11/18/13
Emergency Officials	Letter	1 Yr	7	11/18/13
Other: Pipeline Operators	NSTC	1 Yr	ⁱⁱⁱ	On-going
Other: Third-Party Contractors	Brochure ⁱ	1 Yr	250	On-going
	Non-Objection	Situation	32 ^{iv}	12/05/13
Other: Land Developers / Exploration Contractors	Situation	Situation	--	--

- ⁱ CPAI provides a Pipeline Awareness brochure at Security Checkpoints when the Alpine to CPF2 ice road is available. By doing so, a variety of stakeholders receive the communication. The brochure was also distributed via email to all Kuparuk and Alpine contractors for pipeline safety awareness.
- ⁱⁱ The CPAI Community Representative visits with the Village of Nuiqsut year-round. CPAI has an office in the Nuiqsut City office used by staff and for meetings with community groups. Interaction with the village increases during the winter months when the Alpine to CPF2 ice road is available. Frequent verbal announcements are made over the local CB channel and information postings are placed in key locations in town. Groups CPAI frequently interacts with include: Kuukpik Corporation, Nuiqsut City Council, Kuukpikmiut Subsistence Oversight Panel, Native Village of Nuiqsut, Trapper School, and the Nuiqsut Volunteer Fire Department. In addition, CPAI annually publishes a newsletter highlighting CPAI activities near Nuiqsut and slope wide. The newsletter is inserted into the local newspaper and is sent to all box holders in Nuiqsut.
- ⁱⁱⁱ North Slope Training Cooperative (NSTC) attendance for 2012 was 11,734 (5,753 Third-party providers / 5,981 operators and contractors). Attendance for 2013 was unavailable at the time this report was generated. Individuals attending course include CPAI personnel and contractors, as well as, the personnel and contractors of other pipeline operators.
- ^{iv} Non-objection and Notification letters processed, by pipeline system: Alpine (4), Kuparuk (20), and Oliktok (8).

Table D-5. 2012/2013 Public Awareness Program Effectiveness Evaluation Status

Stakeholder Audience	Method	Issued	Received
Affected Public, Hunters, and Recreational Vehicle Users	▪ Mailed Pipeline Safety Survey English and Inupiat	125	33
	▪ Facebook Pipeline Safety Survey English		

PROGRAMS

ALASKA SAFETY HANDBOOK

Revised in 2013, the *Alaska Safety Handbook (ASH)*, developed by CPAI and other North Slope Operators, establishes a standardized set of safety procedures for uniform application. This handbook defines standards of conduct and explains individual safety responsibilities. Understanding of and compliance with these safety rules are requirements of employment. Delivery of the revised *ASH* is planned for the first quarter of 2014.

CONTRACTOR PROGRAMS

In addition to the *ASH*, CPAI contractors implement their own plans and programs, which include health, safety, and environmental (HSE) performance objectives and procedures. Table E-1 lists CPAI primary contractors, the service they provide, their safety program title, whether the program had significant revisions since the last Annual Report submission.

Table E-1. Contractor Safety Programs

Contractor	Service	Program		
Alaska Clean Seas	Spill Response and Cleanup	Health, Safety and Environmental Manual : September 27, 2010	<input type="checkbox"/>	New / Revised
ASRC Energy Services	Field Maintenance	ASRC Energy Services HEST PP&G Manual, Rev 7 : April 19, 2013	<input checked="" type="checkbox"/>	New / Revised
Baker Hughes Corp.	Pigging Data Gathering & Evaluation Services	HSE & Security Management System Overview : August 01, 2011	<input type="checkbox"/>	New / Revised
CH ₂ M HILL	Engineering and Construction	Target Zero Management System Manual	<input type="checkbox"/>	New / Revised
Doyon Universal Services, LLC	Security	Safety Program	<input type="checkbox"/>	New / Revised
Kakivik Asset Management, LLC	Corrosion Monitoring and Inspection	Health, Safety, and Environmental Manual, Rev 1.6 : June 27, 2013	<input checked="" type="checkbox"/>	New / Revised
Lounsbury & Associates , Inc.	Field Surveying	Lounsbury & Associates, Inc. HSE Program : April 2011	<input type="checkbox"/>	New / Revised
Peak Oilfield Services	Heavy Equipment Services	HSE Management System, Revision 2	<input type="checkbox"/>	New / Revised
Rohrback Cosasco Systems	Corrosion Monitoring & Prevention Services	Health and Safety Policy Manual : January 2007	<input type="checkbox"/>	New / Revised
T. D. Williamson	Pig, Stopple, Hot Tap Equipment	Health, Safety, and Environmental Manual : June 04, 2004	<input type="checkbox"/>	New / Revised
Udelhoven Oilfield System Services	General Contracting / Special Needs	Health Safety and Environmental Handbook : Revision 4 March 1, 2011	<input type="checkbox"/>	New / Revised

RESULTS

ALASKA OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION REVIEW

Kuparuk continues to refine its HSE programs under a continuous improvement philosophy. A major effort is made to include workforce involvement in the process, both to ensure employee buy-in and to collect key inputs from those having to implement HSE Incident Free Culture.

Conducted on a five-year frequency, Alaska Occupational Safety and Health Administration (AK OSHA) revisited the Kuparuk Facilities the week of January 21st and conducted a comprehensive review to determine Kuparuk’s status to remain a Voluntary Protection Program (VPP) Star Facility. Verbal award of the 5-year VPP recertification has been received.

In 2013, Kuparuk conducted an annual VPP assessment and will submit it to AK OSHA the first part of 2014. VPP assessments provide input and feedback from the workforce regarding Kuparuk’s commitment to safety. Overall, the response was positive; and all responses were tabulated and reviewed for system improvement.

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION REPORTABLES

Table E-2 provides a safety statistics recaps for years 2009 - 2013 for CPAI and contract personnel working on the Kuparuk pipelines. Additional information is located in Section K.

Table E-2. Safety Statistics

	2009	2010	2011	2012	2013
OSHA Reportable					
Lost Time Incidents	0	0	0	0	0
Restricted Work Incidents	0	0	0	0	0
Medical Treatment Incidents	0	0	0	0	0

PROACTIVE MEASURES

The use of a “proactive measures” approach, focusing on behavioral observations, near miss reporting, and auditing, as a process to identify and address “at risk” behaviors and areas for improvement, continued in 2013. Figure E-1 summarizes 2009-2013 results for Central Processing Facilities 1, 2, and 3 located near the Kuparuk pipelines.

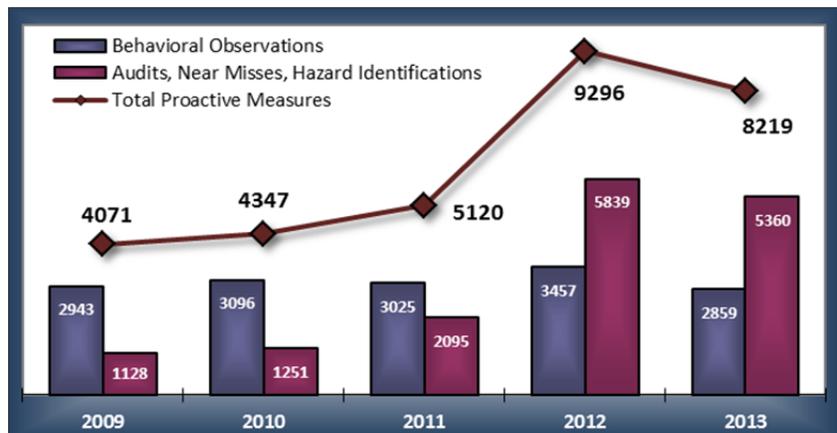


Figure E-1. Proactive Measures

CONSTRUCTION AND TERMINATION

CONSTRUCTION

In 2013, no construction activities associated with the Kuparuk pipelines were performed. Efforts continued towards completing the Record of Survey and lease amendment associated with the Kuparuk Pipeline Extension (KPE), 12-inch / 18- inch pipeline replacement. Table G-1 provides a list of correspondence to document significant milestones or decisions related to Kuparuk pipelines construction accomplishments and plans.

Table G-1. Construction Accomplishments, Plans, and Correspondence

Pipeline		Activity Description	Communications / Comments
KPL	KPE		
■ 18-INCH PIPELINE: LEASE AMENDMENT			
2014 PLANS			
Lease Amendment			
		<ul style="list-style-type: none"> Kuparuk Transportation Company (KTC) to finalize and record Lease Amendment. 	180 days after receipt of Record of Survey
Record of Survey			
		<ul style="list-style-type: none"> Lounsbury & Associates (NSK Survey) to submit required Record of Survey. 	90 days after receipt of Survey Instructions
		<ul style="list-style-type: none"> Alaska Department of Natural Resources Survey Section (ADNR Survey) to provide instructions for amending the pending Record of Survey drawing. 	At ADNR Survey discretion
2013 ACCOMPLISHMENTS			
Record of Survey: Pipeline Extending Outside Right-of-Way			
		<ul style="list-style-type: none"> KTC requested a 400 feet (length) by 25 feet (width) parcel addition to the KPE right-of-way (ROW) at the DS 2Z Access Road / Spine Road junction; and ADNR Survey provide NSK Survey instructions to add this parcel to the pending Record of Survey (EPF 20110012). 	10/17/13 E-mail: KTC to SPCO



The additional 10,000 sq. ft. parcel accounts for the total length where the KPE pipe (insulation and casing) is outside the ROW and adds 25 feet of ROW on either end of the entire east/west length of expansion loop; thereby providing sufficient land for potential operations and maintenance activities along the south side of the pipeline.

CONSTRUCTION AND TERMINATION

Pipeline		Activity Description	Communications / Comments
KPL	KPE		
■		18-INCH PIPELINE: LEASE AMENDMENT	
2013 ACCOMPLISHMENTS			
Record of Survey: Pipeline Extending Outside Right-of-Way			
		<ul style="list-style-type: none"> ▪ State Pipeline Coordinator's Office (SPCO) concluded the segment of the new 18-inch pipeline located outside of the existing surveyed boundary required a survey and inclusion as part of the KPE ROW; and requested the information necessary to delineate the parcel and incorporate it into the pending Record of Survey (EPF 20110012). They requested the parcel encompass the pipeline, any associated valves, and pipe casing; and take into consideration any operations and maintenance activities occurring along the south side of the pipeline. They confirmed with ADNR Survey adding the parcel would not require setting any additional monuments in the field. 	10/09/13 E-mail: SPCO to KTC
		<ul style="list-style-type: none"> ▪ SPCO confirmed the ROW would need to be widened. ADNR Survey confirmed such action would not require additional field work. 	03/26/13 E-mail: SPCO to KTC
		<ul style="list-style-type: none"> ▪ ADNR Survey identified and NSK Survey confirmed the location where the 18-inch pipeline extended outside the ROW. 	01/09/13 and 01/14/13 E-mails: SPCO and NSK Survey Prj Mgr
Record of Survey: Horizontal Support Members Extending Outside Right-of-Way			
		<ul style="list-style-type: none"> ▪ SPCO concluded installation of several horizontal support members (HSMs), were approved under separate flowline Lease Operations authorizations from the Division of Oil and Gas. Facilities, including support structures, used by others in the production or gathering of oil, are not considered part of the pipeline system (KPE Lease; Stip. 1.1.14) and therefore do not need to be located within the survey boundary of the ROW. No further action is required. 	10/09/13 E-mail: SPCO to KTC
		<ul style="list-style-type: none"> ▪ KTC provided copies of correspondence regarding the permitting of the KPE and associated support structure, which documented was approved by DO&G in 1982 under LO/NS 81-176 and/or 82-182. 	09/05/13 E-mail: KTC to SPCO
		<ul style="list-style-type: none"> ▪ SPCO confirmed if HSMs were authorized for other production or gathering line purposes, prior to the issuance of the KPE ROW Lease, additional ROW would not be required. 	08/27/13 E-mail: SPCO to KTC
		<ul style="list-style-type: none"> ▪ SPCO confirmed the ROW would need to be widened. ADNR Survey confirmed such action would not require additional field work. 	03/26/13 E-mail: KTC to SPCO
		<ul style="list-style-type: none"> ▪ ADNR Survey identified and NSK Survey confirmed locations where HSMs extended outside the ROW. 	01/09/13 and 01/14/13 E-mails: SPCO and NSK Survey Prj Mgr
2012 ACCOMPLISHMENTS			
Record of Survey			
		<ul style="list-style-type: none"> ▪ NSK Survey submitted Plat 96-25 R.O.W. Amendment submitted to ADNR Survey[Alaska State Land Survey 87-15]. 	09/14/12 Letter: Lounsbury & Associates, Inc.

CONSTRUCTION AND TERMINATION

Pipeline		Activity Description	Communications / Comments
KPL	KPE		
■ 18-INCH PIPELINE: LEASE AMENDMENT			
2011 ACCOMPLISHMENTS			
Record of Survey			
		<ul style="list-style-type: none"> ADNR Survey provided <i>Alaska DNR Survey Instructions for As-Built of Additions to Kuparuk Pipeline ADL 409027 – EPF 20110012</i>. 	12/22/11 Written Instructions: ADNR Survey

TERMINATION

In 2013, no termination activities associated with the Kuparuk pipelines were performed. Efforts continued towards securing release from termination responsibilities for the replaced 12-inch pipeline. Table G-2 provides a list of correspondence to document significant milestones or decisions related to Kuparuk pipelines termination accomplishments and plans. Copies are available upon request.

Table G-2. Termination Accomplishments, Plans, and Correspondence

Pipeline		Activity Description	Communications / Comments
KPL	KPE		
■ 12-INCH PIPELINE: RELEASE OF TERMINATION ACTIVITIES			
2014 PLANS			
		<ul style="list-style-type: none"> SPCO to provide confirmation KTC has been released of their responsibilities for the 12-inch pipeline during termination activities. 	At SPCO discretion
2013 ACCOMPLISHMENTS			
		<ul style="list-style-type: none"> KTC provided a copy of the <i>Bill of Sale</i> transferring ownership of the 12-inch pipeline to the Kuparuk River Unit (KRU) Unit Participating Area (KPA) Owner; communicated known plans to put the pipeline into service as a fuel gas line covered by the KRU Plan of Operations; and requested KRU provide the relevant authorization. 	11/07/13 E-mail: KTC to SPCO
		<ul style="list-style-type: none"> SPCO concluded KTC's responsibilities for the 12-inch pipeline during termination activities had not been released and requested the status and authorization under the Kuparuk River Unit Lease Operations. 	10/09/13 E-mail: SPCO to KTC
		<ul style="list-style-type: none"> In response to discussions with SPCO regarding the release of termination activities associated with the 12-inch pipeline, KTC provided a copy of <i>KPE Lease Amendment Request</i> and two pages of the <i>Project Description</i> submitted 08/25/08 documenting plans to drain and turnover the line to Kuparuk Operations for use as an infield pipeline. 	08/27/13 E-mail: KTC to SPCO

OIL AND HAZARDOUS SUBSTANCE DISCHARGES

DISCHARGES

There were no pipeline system related discharges within the Kuparuk pipeline right-of-way in 2013. There was one (1) discharge related to pipeline activities within the Kuparuk right-of-way. There were 12 discharges from third parties: Nine (9) within the Kuparuk Pipeline right-of-way and three (3) within the Kuparuk Pipeline Extension right-of-way.

The 1999-2013 Discharge Summary provides a register of pipeline system discharges, discharges related to pipeline activities, and other discharges occurring within the ROW since 1999. The summary was provided to SPCO as an enclosure in the *2013 Annual Comprehensive Report on Pipeline Activities* and is available upon request.

PREVENTION AND RESPONSE

OIL DISCHARGE PREVENTION AND CONTINGENCY PLAN

STATUS

The *Kru – Kuparuk & Oliktok Pipelines Oil Discharge Prevention and Contingency Plan (KRU ODPCP)* provides prevention strategies and response plans to limit the spread of a spill, minimizing potential environmental impacts, and to provide for the safety of personnel. This plan relies heavily upon information provided in the *Alaska Clean Seas (ACS) Technical Manual* and identifies specific tactics descriptions, maps, and incident management information contained in the *ACS Technical Manual*. ConocoPhillips Alaska Inc. reviewed and revised the plan several times during the year.

AGENCY REVIEWS AND APPROVALS

On 07 March 2013, the Alaska Department of Environmental Conservation (ADEC) approved the *ODPCP* (CPlan ID #4102) through 07 March 2018. A copy of the approval letter is available at <http://dec.alaska.gov/Applications/SPAR/PublicData/approvedcontingencyplans.aspx>.

The approval letter from ADEC, documents submission of the revised ODPCP to the U.S. Department of Transportation (USDOT), Office of Pipeline Safety (OPS) and expiration date alignment with the ADEC approved plan. Unless otherwise notified by the USDOT OPS Facility Response Plan expires 07 March 2018.

Environmental Protection Agency approval of the Facility Response Plan (FRP) expires 24 September 2017.

PROOF OF FINANCIAL RESPONSIBILITY

As required by Alaska Statute 46.04.040 and Alaska Administrative Code 18 AAC Chapter 75, Article 2, CPAI received the annual *Certificate for Proof of Financial Responsibility* to respond to spill damages associated with the Kuparuk pipelines. The certificate is valid through 03 April 2014. Certificate application is submitted to ADEC annually at the end of February.

OIL AND HAZARDOUS SUBSTANCE DISCHARGES

SPILL DRILLS

Although not directly Kuparuk pipeline related, CPAI exercised the Incident Management Team (IMT) and Field Response Teams by means of the following drills or actual events.

DRILL SITE 1B-09 WELLHEAD LEAK (04/25/13)

The CPAI Anchorage and Kuparuk Well Control Functional Support Teams (FSTs), an On-Call Vice President VP/Crisis Manager (VP/CM), and the Kuparuk IMT responded to a wellhead leak. At 2200 hours on April 24, was an Operator doing routine well house checks, discovered gas leaking from Kuparuk well 1B-09. The IMT and FSTs were mobilized the morning of April 25. All necessary agency and corporate notifications were made, and by 1500 hours on April 25, necessary actions had been taken to control the leak to the point it was not detectable, with further action taken to secure the leak through mechanical means on April 26. The IMT stood down event response at 1500 hours on April 26.

A total of 11 Anchorage Well Control FST, two (2) Kuparuk Well Control FST, 58 Kuparuk IMT, two (2) BP personnel, and one (1) Wild Well Control representative participated in the response for this event along with one (1) On-Call VP/CM and one (1) affected Asset VP/CM. The successful resolution of this event exercised nine (9) of 15 *National Preparedness Response Exercise Program (NPREP)* components, and an unannounced exercise for this triennial cycle (2013-2015), in compliance with the *KRU ODPCP*.

PROACTIVE PHASE DRILL 30" SEAWATER LINE (11/21/13)

Key members of the CPAI Kuparuk IMT participated in a Kuparuk tabletop exercise on November 21. The purpose of this tabletop exercise was to practice proactive phase response actions. The scenario used for the exercise was a leak from the 30" Seawater Line near Drill Site 30 at Kuparuk. The Kuparuk IMT used this scenario for a reactive phase tabletop exercise in 2012, and built on the same scenario for the proactive phase exercise in 2013.

A total of 15 Kuparuk IMT members and one (1) facilitator from the CPAI Emergency Management and Contractor Assurance (EM&CA) department participated in the exercise. The exercise satisfied eight (8) of the 15 *NPREP* components in compliance with the *KRU ODPCP*.

SPILL RESPONSE TEAM MOBILIZATION FOR SPILL RESPONSE

The Kuparuk Spill Response Team (SRT) was utilized to assist ACS with clean-up of various incidents within the operating area during the year. Inviting the SRT to assist with clean-up provided an opportunity for members to employ equipment and tactics necessary for successful resolution of the event

QUALIFIED INDIVIDUAL NOTIFICATION EXERCISES

Qualified Individual (QI) notification exercises were conducted:

- 03/30/13 (fulfilled requirement of notification afterhours)
- 04/25/13 (in conjunction with Drill Site 1B-09 event)
- 09/29/13
- 11/21/13 (in conjunction with Proactive Phase Drill)

NON-OBJECTION AND NOTIFICATION LETTERS

Prior to performing work within a Kuparuk pipeline right-of-way (ROW), third parties are required to secure a non-objection letter from the ROW Lessee, KTC. When agency permits are secured, the State Pipeline Coordinator's Office (SPCO) requires notification of activities performed within a Kuparuk pipeline ROW on behalf of the ROW Lessee, KTC. Table H-1 provides a list of non-objection and notification letters processed. Organized by activity initiator, the list identifies current and previously processed letters associated with incomplete work. When issued, KTC provided copies of the correspondence to the SPCO.

Table H-1. Non-Objection and Notification Letter Summary

Pipeline ROW		Activity Description	Letter				Activity Completion			
KPL	KPE		Date	Non-Objection	Notification	General	Planned			Actual
							Start	Finish	Rev	Closure
ENI, INC.										
	■	Eni Routine Maintenance Activities (2013)	10/21/13	■			10/28/13	12/31/13		Open
	■	Eni Regular Maintenance Activities (2012)	03/05/12	■			01/01/12	12/31/12		02/15/13
	■	Eni Regular Maintenance Activities (Year 1)	02/07/11	■			01/01/11	12/31/11		02/29/12

NON-OBJECTION AND NOTIFICATION

Pipeline ROW		Activity Description	Letter				Activity Completion			
KPL	KPE		Date	Non-Objection	Notification	General	Planned			Actual
							Start	Finish	Rev	Closure
BP EXPLORATION (ALASKA) INC.										
■		Gravel Expansion between U and P Pad for Rig Access	05/13/13	■			06/01/13	11/30/13	1	12/23/13
■		BP EWE Junction Gravel Expansion	07/17/12	■			07/17/12	12/31/12		07/20/13
CONOCOPHILLIPS ALASKA, INC.										
	■	CPF-2 Pipeline Conversion Preparation Work	12/02/13	■			12/06/13	12/15/13		Open
■		Oliktok Pipeline Fuel Gas Conversion Project, PS1	11/20/13	■			11/22/13	03/01/14		Open
	■	DS-1A Produced Oil Pipeline Replacement, Phase I	09/16/13	■			09/16/13	10/31/13		Open
■		KOC to PS1 Fiber Optic Cable (FOC) Installation, Phase III	09/23/13	■			09/25/13	12/31/13		Open
■		VSM 70 & B-Pit Access Road Overflow Culvert Replacements	08/05/13	■			08/06/13	08/30/13		08/08/13
	■	CPF1 Below Grade Pipeline Inspection at RX-WTA-03	07/15/13	■			07/22/13	08/22/13		11/1/13 Deferred
	■	Below Grade Inspection at RX-NE-02	06/20/13	■			10/01/13	10/31/13	1	Open
	■	CPF-1 to CPF-2 Fuel Gas Conversion	05/21/13	■			05/23/13	10/31/13		Open
	■	CPF-2 Below Grade Pipeline Inspection at RX-SR-01	05/07/13	■			05/10/13	09/09/13	1	Open
	■	Road Crossing Below Grade Dig at CPF2	05/07/13	■			05/10/13	05/31/13		08/18/13

NON-OBJECTION AND NOTIFICATION

Pipeline ROW		Activity Description	Letter				Activity Completion			
KPL	KPE		Date	Non-Objection	Notification	General	Planned			Actual
							Start	Finish	Rev	Closure
CONOCOPHILLIPS ALASKA, INC.										
■		Milne East Creek Culvert Battery Replacement	05/07/13	■			05/15/13	09/30/13	1	09/16/13
■		Drill Site 1B PO Sleeve Replacement	04/22/13	■			06/01/13	08/31/13	1	12/28/13
	■	CPF2 Alpine SW Burp Line Replacement	04/02/13	■			07/20/13	10/05/13	1	10/22/13
	■	DS 2Z to DS 2C Below Grade Pipeline Inspections	04/01/13	■			04/03/13	04/25/13		08/18/13
■		KOC to PS1 Fiber Optic Cable (FOC) Installation, Phase II	03/15/13	■			03/18/13	05/31/14		Open
■		KOC to PS1 Fiber Optic Cable Installation, Phase I	03/01/13	■			03/07/13	04/01/13		08/04/13
	■	CPF2 WO Pipeline Replacement	01/25/13	■			02/01/13	05/31/13		07/31/13
	■	DS 1R PO Pipeline Replacement	01/04/13	■			02/01/13	04/29/13		09/15/13
	■	Eni Pipeline Related Guardrail Installation	08/14/12	■			08/15/12	12/31/12		Open
	■	CPF1 Thermistor Installation	07/30/12	■			08/10/12	03/31/13		Open
	■	KPE 2ZX PO Sleeve	06/28/12	■			06/29/12	07/04/12		01/18/13
	■	KPE Guardrail Installation	05/01/12	■			06/01/12	12/31/12		Open
■		KPL/OPL Guardrail Installation	05/01/12	■			06/01/12	12/31/12		Open
■		Guardrail Installation near Z Pad Intersection	04/11/12	■			06/01/12	12/31/12		04/20/13
■		Guardrail Installation near BP's Y Pad Intersection	04/11/12	■			06/01/12	12/13/12		04/20/13

OPERATIONAL STATUS

KUPARUK PIPELINE

Commissioned Service	October 1984 Oil
Availability	100%

Shutdowns / Slow-downs

Planned: 6 Unplanned: 0

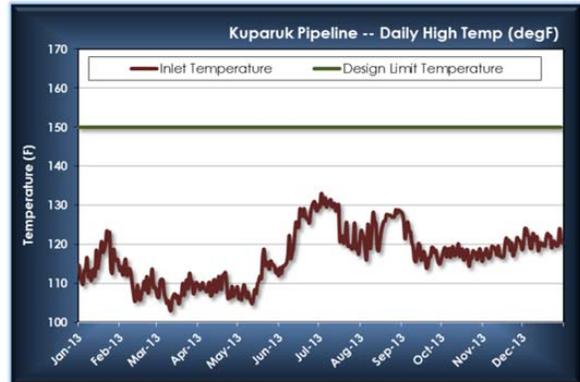


Figure I-1. Kuparuk Pipeline Temperatures

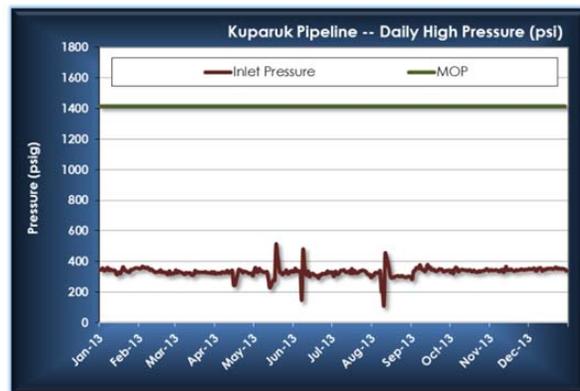


Figure I-2. Kuparuk Pipeline Pressures

Alpine / Kuparuk Production Facility

1. Mid Apr, CD2 pipeline replacement
2. 08/09–11, Alpine maintenance shutdown
3. 08/22--28, CPF1 maintenance shutdown

Trans Alaska Pipeline System

4. Early May, TAPS proration
5. 06/08, 18 hour TAPS shutdown
6. 08/09, 18 hour TAPS shutdown

OPERATIONAL STATUS

KUPARUK PIPELINE EXTENSION

Commissioned Service	October 1984 Oil
Availability	100%

Shutdowns / Slow-downs

Planned: 5 Unplanned: 0

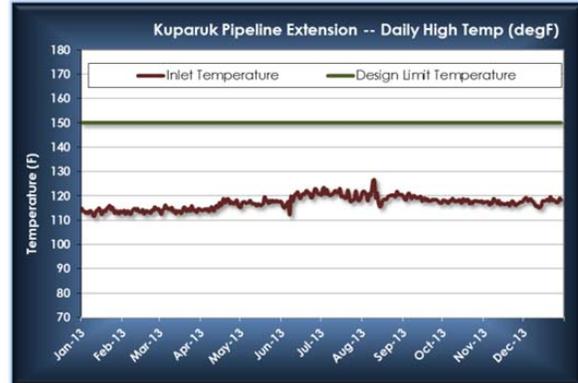


Figure I-3. Kuparuk Pipeline Extension Temperatures

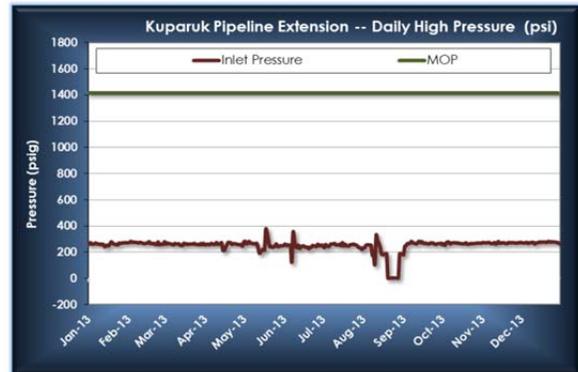


Figure I-4. Kuparuk Pipeline Extension Pressures

Alpine / Kuparuk Production Facility

1. Mid Apr, CD2 pipeline replacement
2. 08/09 – 11, Alpine maintenance shutdown

Trans Alaska Pipeline System

3. Early May, TAPS proration
4. 06/08, 18 hour TAPS shutdown
5. 08/09, 18 hour TAPS shutdown

Pressures and Temperatures

Pipeline pressure relative to maximum operating pressure and system temperature demonstrates pipeline operations within allowable parameters. These graphs are based on maximum daily values compiled by SETCIM, the computerized data acquisition system. Anomalies in the data, where they may exist, are noted on the graphs. Note the SETCIM data typically shows a “spike” representing the maximum range of the instrument when it is taken offline during preventive maintenance and calibration. These spikes do not represent actual line pressures and temperatures.

SYSTEM MODIFICATIONS AND IMPROVEMENTS

This section provides a summary of significant system modifications and improvements accomplished in this reporting year or planned in the next.

LEAK DETECTION SYSTEM UPGRADES

The Lineguard leak detection system was placed in service and the Oil Discharge Prevention and Contingency Plan updated to reflect the change. The Ed Farmer leak detection system, which remained in back up service for several months, will be decommissioned when resources are available.

KUPARUK PIPELINE WELD PACK UPGRADES

The Kuparuk Pipeline (KPL) weld pack upgrade project, to proactively strip and refurbish approximately 382 weld packs in saddles, continued. The five-year effort (2011-2015) is approximately 58% complete with 224 weld packs inspected and refurbished. Approximately 81 weld pack upgrades are planned in the fourth year of this five-year (2011-2015) effort.

KUPARUK PIPELINE “BEST PRACTICE” SLEEVES

In 2013, the KPL “Best Practice” sleeve project concluded. Through this proactive effort, 68 external corrosion locations with calculated pipe strength within 105% of design were sleeved: 2 in 2009, 21 in 2010, 22 in 2011, and the remaining 23 locations in 2012/2013.

KUPARUK PIPELINE LAUNCHER/RECEIVER AND VALVE UPGRADES

The KPL launcher/receiver and valve upgrade project will install oversized barrels and provide better pig handling capabilities to enhance process safety and ergonomics. In 2013, piping packages were issued for approval, long-lead materials were procured, and barrel fabrication initiated. Construction is planned mid-summer 2014.

MAINTENANCE

Kuparuk pipelines annual maintenance included routine inspections, preventive and corrective maintenance, and other routine program, plan, and process review activities as summarized in the 2013 *Work Order Summary*. Table J-1 shows a general summary of the reporting year maintenance.

Table J-1. Annual Maintenance Summary

KUPARUK PIPELINE KUPARUK PIPELINE EXTENSION AND BREAKOUT TANK

Category / Sub-Category	Pipeline			Due	Complete	In Progress
	KPL	KPE	Tank			
PREVENTIVE MAINTENANCE				132	136	0
COMPONENTS AND SYSTEMS						
Launcher / Receiver	■	■		0	0	0
Leak Detection / Monitoring Instrumentation	■	■		1	1	0
Meters / Provers	■	■		3	3	0
Over Fill Protection			■	13	13	0
Over Pressure Protection	■	■	■	8	8	0
Tank			■	1	1	0
Valves	■	■		46	48	0
CORROSION CONTROL	■	■	■	24	24	0
PIPELINE RIGHT-OF-WAY AND RIVER CROSSINGS						
Bridges	■			2	2	0
Erosion	■	■		0	1	0
Fire Protection	■	■	■	17	17	0
Pipeline	■	■		3	3	0
River Crossing Generator	■			13	14	0
Roads and Pads	■	■		1	1	0
CORRECTIVE MAINTENANCE				44	11	35
COMPONENTS AND SYSTEMS						
Leak Detection / Monitoring Instrumentation	■	■		1	0	1
Meters/Provers	■	■		1	0	1
CORROSION CONTROL	■			1	2	1
PIPELINE RIGHT-OF-WAY AND RIVER CROSSINGS						
Repairs -- Below Grade Casing Inspection	■			3	0	3
Repairs -- Annual VSM Surveillance	■			36	9	27
Repairs -- Bridge Inspections	■			2	0	2
PROGRAM PLAN AND PROCESS REVIEWS				31	30	1
DEPARTMENT OF TRANSPORTATION	■	■	■	29	28	1
STATE PIPELINE COORDINATOR'S OFFICE	■	■	■	1	1	0
MULTI-AGENCY: ADEC / EPA / DOT	■	■	■	1	1	0

EVENTS, INCIDENTS, AND ISSUES

As the Kuparuk pipelines moved into their 29th year of operational status, the following events, incidents, or issues required review, analysis, or resolution.

UNINTENDED EVENTS

There were no overpressure or integrity issues, or unintended shutdowns due to pipeline operations.

RIGHT-OF-WAY INCIDENTS

A summary of incidents occurring within the Kuparuk pipelines ROW during this reporting period is provided in Table K-1.

Table K-1. Right-of-Way Incident Summary

Date	Pipeline		Location	Incident / Remediation
	KPL	KPE		
PIPELINE RELATED				
10/26/13	■		VSM 1518	When attempting to turn around, the back wheels of an ASRC welding truck went off the KPL/OPL Work Pad Road just east of the west river crossing generator building. There were no spills, injuries, or tundra damage reported.
NON PIPELINE RELATED				
12/08/13		■	VSM 197	When turning onto the DS 1F/L access road the front tire of an AES flatbed truck went off the road due to slick driving conditions. Truck pulled back onto the Spine Road. There were no spills, injuries, or tundra damage reported.
11/28/13	■		VSM 1218	When exiting the KPL/OPL Work Pad Road near the BP W-Pad access road intersection, the left side wheels of a CH2MHill lowboy trailer transporting a crane went off the road. The trailer was safely moved back onto the road using cranes, etc. There were no spills, injuries, or tundra damage reported.
09/21/13		■	VSM 1Y256	The right side wheels of a ConocoPhillips bus went off the Spine Road just east of the Oliktok Y. There were no spills, injuries, or tundra damage reported.
06/04/13		■	VSM 49 (CPF2 South of Breakout Tank)	An individual observing an in-field line lift stood up, struck his hard hat on the pipeline, and strained his neck due to the impact. This incident, initially identified as an OSHA reportable, was subsequently determined to be non-reportable.
04/08/13	■		VSM 329	The front wheels of an ASRC pickup went off the DS1C access road just east of the DS1H road in the expansion loop at VSM 329. There were no spills, injuries, or tundra damage reported.
03/08/13		■	VSM WTA 1263	A Roads and Pads Blower, working to clean out the ice road south of the Spine and Oliktok intersection, scraped the north end of the HSM on VSM WTA 1263. This VSM does not support the KPE. The ice road was constructed for the CPF-2 wet oil line replacement project. There were no spills or injuries reported.

EVENTS, INCIDENTS, AND ISSUES

Date	Pipeline		Location	Incident / Remediation
	KPL	KPE		
01/05/13	■		Between VSM 592 and 593/594	A Cruz Construction Box van went off the south side of the Spine Road approximately 1.7 miles east of the Milne Road. There were no spills or injuries reported.

RIGHT-OF-WAY LEASE PERFORMANCE

ACTIVITIES AND RESULTS SUMMARY

To provide the status of various Right-of-Way (ROW) Lease and Stipulation requirements not addressed elsewhere in this report, the *Activities and Results Summary* identifies:

- The Section or Stipulation number and a brief requirements summary
- How often the requirement must be addressed
- The date the requirement was last addressed, will be addressed again, or the current document expires
- Current year activities and results

COMPLIANCE MATRIX

To summarize ROW Lease and Stipulation compliance methods, the *ROW Agreement Compliance Matrix* identifies requirements and corresponding quality programs, management processes, objective evidence, responsible individuals, and applicable activities. Supplemental matrices identify acronyms and definitions, quality program relationships, and process safety management methods; available for use when performing pipeline related activities.

Although there have been no significant changes to the matrix since 2006, it was revised in 2012 to align with other lease matrices and minor adjustments incorporated in 2013.

KUPARUK PIPELINES

REQUIREMENTS		PIPELINES		FREQUENCY						STATUS			ACTIVITIES / RESULTS		
SECTION / STIPULATION	REQUIREMENT	Kuparuk	Kuparuk Ext.	Quarterly	Annual	5 Years	10 Years	30 Years	Continuous	Conditional	Last Activity	Next Activity	Expiration	DESCRIPTION / COMMENTS	ENCLOSURES

LEASE

2	Duration and Renewal	▶ Intent to renew notification, [6 months] prior to Lease expiration.	■	■									11/26/02	11/02/33	05/02/34	None	Not Applicable
3(a)	Rental Payments	▶ Annual rental payments on Lease Anniversary Date.	■		■								07/08/13	08/12/14	--	▶ Paid Annual Rental (Under Protest) [\$876,476]	None
				■										11/06/13			▶ Paid Outstanding Balance (Under Protest) [\$1,429,155]
3(c)	Rental Adjustment / Appraisal	▶ Annual rental payment adjustment based on the appraised fair market rental value every 5th Lease Anniversary Date.	■	■		■							03/06/2013	04/18/14	--	▶ Paid Annual Rental (Under Protest) [\$471,237]	None
														11/06/13			▶ Paid Outstanding Balance (Under Protest) [\$533,905]
3(c)	Rental Adjustment / Appraisal	▶ Annual rental payment adjustment based on the appraised fair market rental value every 5th Lease Anniversary Date.	■	■		■							02/25/13 NOTE (1)	2017	--	▶ Awaiting DNR Commissioner Decision regarding Appeals	1 ▶ 130318 Appeal of SPCO 130225 Notice of Rental Adjustment
4(a) 4(b) 4(c)	Common Carrier Operations	▶ Performance of all functions undertaken under lease as a common carrier. ▶ Operation in accordance with applicable state laws and lawful regulations and orders of the Regulatory Commission of Alaska.	■	■						■			--	--	--	▶ Continued to perform all functions as a common carrier.	2 ▶ 2012 RCA Report: General Information Update Form ▶ 130319: 2012/Q4 FERC Form No. 6/6-Q: Report of Oil Pipeline Companies
4(c) 4(d) 1.3.3	Annual Comprehensive Reports	▶ Lessee/Grantee must submit a comprehensive report to the Commissioner on the state of the Pipeline System and its Pipeline Activities.	■	■		■							04/22/13	03/01/14	--	▶ 130422 SPCO reviewed 2012 Annual Report [Letter 13-131-AS]	None
4(i)	Transfer of Interest	▶ Approval of Ownership transfers.	■	■									--	--	--	None	Not Applicable
4(j)	Registered Agent	▶ Appointment of a registered agent in Alaska to receive service of notices, regulations, decisions, and orders of the Commissioner.	■	■									01/14/13	--	--	▶ Barry Romberg appointed	None
8	Expense Reimbursement	▶ Reimbursement for monitoring and oversight activities.	■		■								10/09/13	1Q 2014	--	▶ Reimbursement provided for SPCO expenses transmitted: ➔ Letter 12-468-AS \$15,491.56 (2Q 13) ➔ Letter 13-091-AS \$9,634.37 (3Q 13) ➔ Letter 13-261-AS \$31,809.86 (4Q 13)	None

KUPARUK PIPELINES

REQUIREMENTS		PIPELINES		FREQUENCY							STATUS			ACTIVITIES / RESULTS	
SECTION / STIPULATION	REQUIREMENT	Kuparuk	Kuparuk Ext.	Quarterly	Annual	5 Years	10 Years	30 Years	Continuous	Conditional	Last Activity	Next Activity	Expiration	DESCRIPTION / COMMENTS	ENCLOSURES
8	Expense Reimbursement ▶ Reimbursement for monitoring and oversight activities.		■											➔ Letter 12-469-AS \$13,571.48 (2Q 13) ➔ Letter 13-092-AS \$9,616.12 (3Q 13) ➔ Letter 13-262-AS \$22,000.54 (4Q 13)	
16	Release of Interests ▶ Execute and deliver a valid instrument of release in recordable form, which must be executed and acknowledged with the same formalities as a deed.	■	■							■	03/08/89	--	--	None	Not Applicable
17	Default and Forfeiture ▶ ROW Lease forfeiture if unable to comply with Lease.	■	■							■	--	--	--	None	Not Applicable
STIPULATIONS: GENERAL															
1.3.2	Authorized Representatives ▶ Appointment of an authorized representative to administer the lease/grant.	■	■							■	01/14/13	--	--	▶ Barry Romberg appointed	None
1.3.2	Field Representatives ▶ Appointment of field representatives to at all times be available in the immediate area of the right-of-way.	■	■							■	09/10/12	--	--	None	Not Applicable
1.4.1	Correspondence ▶ Correspondence delivery addresses.	■	■							■	--	--	--	None	Not Applicable
STIPULATIONS: ENVIRONMENTAL															
2.1	Environmental Briefing ▶ Develop and provide environmental briefings for supervisory, field personnel, and field representatives. ▶ Briefings communicate right-of-way lease and environmental permit requirements.	■	■							■	--	--	--	▶ 9 CPAI employees attended ROW Training [REQ-237-OPR] ▶ 6 CPAI employees attended NSTC Unescorted Training	None
2.2	Pollution Control ▶ Authorization to significantly change the temperature of natural surface or ground water that may adversely affect the natural surface or ground water.	■	■							■	--	--	--	None	Not Applicable
2.6	Disturbance or Use of Natural Waters ▶ Authorization to create new lakes, drain existing lakes, significantly divert natural drainage and surface runoff permanently alter stream or ground water hydrology, or disturb significant areas of stream beds require authorization.	■	■							■	--	--	--	None	Not Applicable

KUPARUK PIPELINES

REQUIREMENTS		PIPELINES		FREQUENCY						STATUS			ACTIVITIES / RESULTS		
SECTION / STIPULATION	REQUIREMENT	Kuparuk	Kuparuk Ext.	Quarterly	Annual	5 Years	10 Years	30 Years	Continuous	Conditional	Last Activity	Next Activity	Expiration	DESCRIPTION / COMMENTS	ENCLOSURES
2.7 2.2.2.1	Off ROW Traffic ▶ Authorization to operate mobile ground equipment on State Lands off the right-of-way. ▶ Authorization to operate mobile ground equipment on lakes, wetlands, streams, or rivers.	■	■							■	11/21/08	--	--	▶ Permit LAS 23007	Not Applicable
2.8	Use of Explosives ▶ Authorization to blast under water or within one-quarter (1/4) mile of streams or lakes with identified fisheries or wildlife resources. ▶ Approval of blast timing and location.	■	■							■	--	--	--	None	Not Applicable
2.11.2	Pipeline Contingency Plan ▶ Annual submission and approval of 49 CFR 195.402 compliant plan.	■	■							■	05/20/02	No Further Action	--	References: ▶ 020207 Letter 02-13-DW, Requested discontinuance of annual submittal. ▶ 020520 Letter to clarify DOT review process.	Not Applicable
2.14	Small Craft Passage ▶ Prohibition of any permanent obstruction to the passage of small craft in streams.	■	■							■	--	--	--	None	Not Applicable

NOTES:

(1) Rental Adjustment / Appraisal

2012 Adjustments

- ▶ 131017 SPCO provided audit results and re-affirmed Lessee is not obligated to pay the new appraisal amounts until appeal resolution [Letter 13-506-AS]
- ▶ 130904 KTC requested audit to determine balance due and courtesy billings at current rental amount (\$876,298 (KPL) / \$471,237 (KPE)); noting payments will continue to be made under protest and reserving the right to appeal
- ▶ 130318 KTC appealed the SPCO decision
- ▶ 130225 SPCO approved adjustment to annual rental payment (\$876,298 (KPL) / \$471,237 (KPE)) [Letter 13-044-AS]
- ▶ 130220 SPCO provided Appeal / Stay of Decision clarifications [Letter 13-037-AS]
- ▶ 121002 KTC transmitted Appraisal Report (3190-2) to DNR Review Appraiser

2007 Adjustments

- ▶ 080409 DNR Commissioner acknowledges timely appeal and agrees to make a decision.
- ▶ 080114 KTC appealed the SPCO decision
- ▶ 071202 SPCO approved adjustment to annual rental payment (\$370,347 (KPL) / \$138,599 (KPE)) and confirmed due date of new rental amount [Letters 07-116-TG (KPE) / 07-117-TG (KPL)]
- ▶ 071031 KTC transmitted Appraisal Report (3190-1) to DNR Review Appraiser, reserving all rights to appeal any agency decision, and providing justification for allocating rental between KTC and OPC.
- ▶ 070925 KTC transmitted Draft Appraisal Report to DNR Review Appraiser, reserving all rights to appeal any agency decision, and providing justification for allocating rental between KTC and OPC.

SURVEILLANCE AND MONITORING

PROGRAMS

The ConocoPhillips Alaska, Inc. surveillance and monitoring programs identify threats to personnel safety, the environment, or pipeline integrity; and in conjunction with the Maintenance Program ensure effective intervention. The surveillance program consists of a combination of aerial and ground-based techniques, and the monitoring program consists of routine and corrective maintenance and inspection tasks.

Table M-1 provides a list of the principle procedures that define how personnel conduct surveillance, monitoring, and maintenance activities applicable to the arctic environment as required by Kuparuk pipelines Right-of-Way Leases, Exhibit C. Stipulation 1.10. In addition, CPAI performs annual wildlife and avian monitoring to evaluate the distribution, abundance, and productivity of various species to ensure there are no significant impacts due to pipeline operations.

Table M-1. Principle Surveillance, Monitoring, and Maintenance Procedures

Procedure Number and Title	New / Revised
KUPARUK PIPELINE OPERATIONS MANUAL	
Kuparuk Pipeline Corrosion Program	<input checked="" type="checkbox"/>
Revision: Operator Qualification (OQ) references, 4.17 Divert Tank Cathodic Protection System Monitoring Procedure reference, Cathodic protection records	
Requirements for Maintenance and Repair	<input checked="" type="checkbox"/>
Revision: OQ references, Minimum requirements table governing references for pressure testing	
Kuparuk Pipeline Surveillance Program	<input checked="" type="checkbox"/>
Revision: OQ references, Ground-based surveillance moved into procedure	
Leak Detection System	<input checked="" type="checkbox"/>
Revision: Replaced Ed Farmer Associates system description with Lineguard	
OTHER PLANS AND PROCEDURES	
Erosion and Sediment Control Plan	<input type="checkbox"/>
Work Pad Maintenance Plan	<input type="checkbox"/>

The *Kuparuk Pipeline Operations Manual*, standard operating procedures, are reviewed annually and other plans are reviewed periodically. Revisions are processed as necessary.

RESULTS

AERIAL AND FORWARD-LOOKING RADAR SURVEILLANCE

ConocoPhillips Alaska, Inc. routinely performs aerial, forward-looking infrared (FLIR), and ground-based surveillance, and supplements them based on specific need. Figure M-1 provides a graphic recap of the number of days between actual FLIR surveillances compared to the goal of weekly, between 7 and 10 days; and the number of aerial and FLIR surveillances performed in 2013.

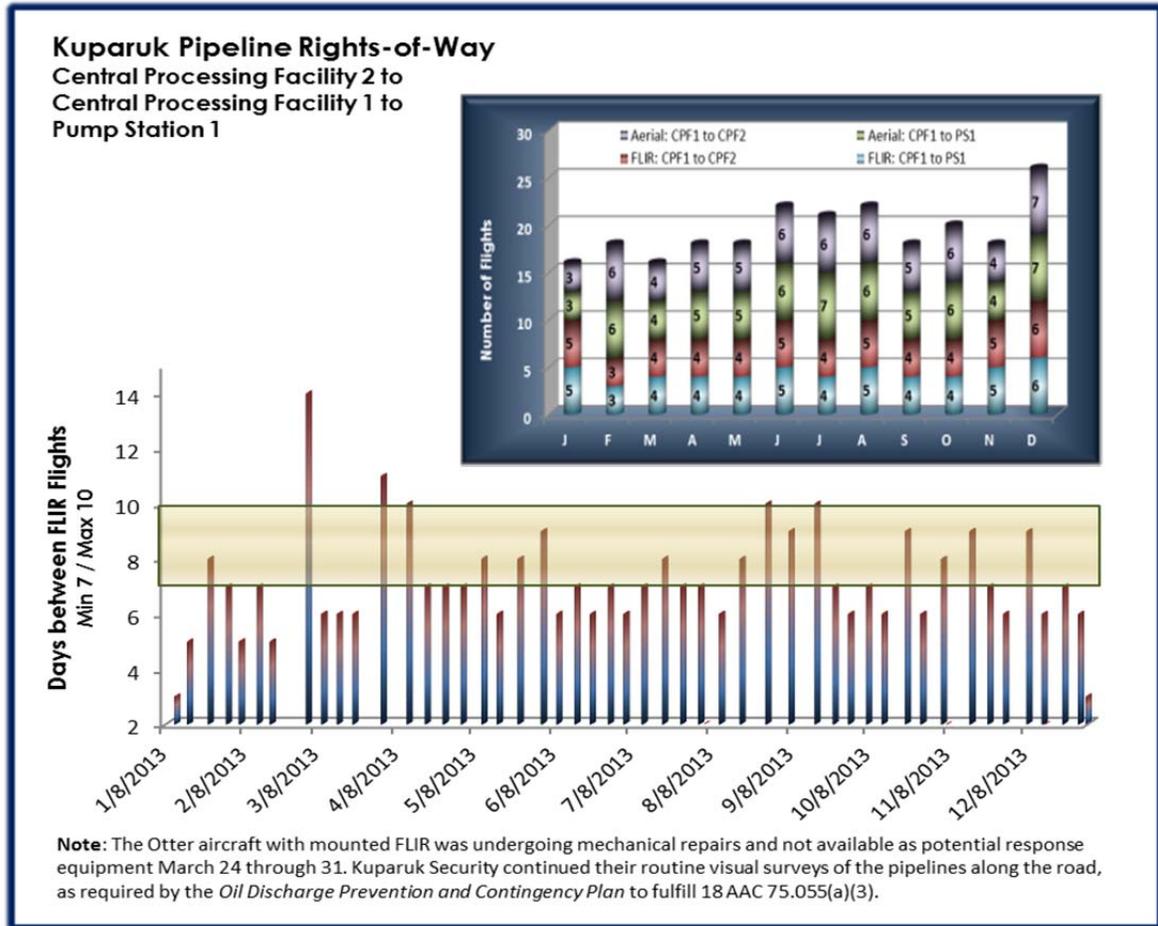


Figure M-1. FLIR and Aerial Surveillances

SURVEILLANCE AND MONITORING MATRIX

The 2013 *Surveillance and Monitoring Matrix* provides a program summary including reportable conditions and surveillance methods and frequency. It also provides a recap of previous and current year results including changes to the pipeline system or right-of-way, effects of the changes, and plans as applicable.

SURVEILLANCE AND MONITORING PROGRAM											RESULTS OR CHANGES				PROPOSED ACTIONS								
DESCRIPTION QUANTITY / LOCATION	REPORTABLE CONDITIONS OR RATIONALE	METHOD					FREQUENCY QUANTITY				PIPELINE	2012		2013		EFFECTS OF CHANGE	PMO	DESCRIPTION	STATUS				
		Aerial	Ground	Leak Detect	SETCIM	Pigging	Site Specific	Weekly	Monthly	Months (#)		Years (#)	Conditional	Continuous	Kuparuk					Kuparuk Ext.	PMO	DESCRIPTION	
ABOVE GROUND PIPELINE																							
Ice and Snow Accumulation	► Accumulations of ice or snow over the pipelines.	■	■				■							■	■	-	None	-	None	Not Applicable			
Pipeline Movement	► Pipeline movement off the support system.	■	■				■							■	■	-	None	-	None	Not Applicable			
VSM -- Tilting, Settlement, or Jacking	► Evidence of or visible tilting, settlement, or jacking.		■											■	■	9005275	► Identified subsided/jacked VSMS; Mechanical/Piping Engineering recommended VSM repairs.	9566429 9706650	► Identified subsided/jacked VSMS ► Mechanical/Piping Engineering recommended VSM repairs ► Completed 2 recommended repairs	No imminent threat to pipeline integrity	Implement recommended repairs ► 21 In progress	Section: Maintenance	
	► Less than 5 feet minimum height clearance at support.		■											■	■	9005275	► Identified locations between VSMS with less than 5' clearance; Mechanical/Piping Engineer recommended repairs to increase pipeline clearance to tundra.	9566429 9706650	► Identified locations between VSMS with less than 5' clearance ► Mechanical/Piping Engineer recommended repairs to increase pipeline clearance to tundra ► Completed 3 / canceled 2 recommended repairs	No imminent threat to pipeline integrity	Implement recommended repairs ► 1 In progress	Section: Maintenance	
VSM -- Abandoned 134 frost-jacked supports abandoned and replaced in '83/'84	► VSM extending above surface level that are not capped or filled. ► VSM extending to within 24-inches of the pipe or HSM. ► VSM extending above surface level and ≥ 5-feet from outside pipe centerline or nearest VSM. ► VSM extending above surface level, is within 5-feet of the centerline, and ≥ 5-feet from the nearest VSM. Surface level = tundra level or top of ice level in ponds and lakes.		■											■	■	-	None	-	None	Not Applicable			
Saddle Movement	► Saddle movement off the support system.		■				■							■	■	9005275	► Mechanical/Piping Engineer reviewed with recommended repair for saddle replacement	9566429 9706650	► Identified locations with saddle movement ► Mechanical/Piping Engineer reviewed with no additional recommended repair for saddle replacements ► Completed 1 recommended repair	No imminent threat to pipeline integrity	Implement recommended repairs ► 1 In progress	Section: Maintenance	
Tilted Saddle	► Out-of-level conditions that result in an edge between any part of the saddle and any part of the crossbeam or pipe.		■											■	■	9005275	► Mechanical/Piping Engineer reviewed with recommended repairs.	9566429 9706650	► Identified locations with tilted saddles ► Mechanical/Piping Engineer reviewed with no additional recommended repairs	No imminent threat to pipeline integrity	Implement recommended repairs ► 1 In progress	Section: Maintenance	
Saddle Suspended Above Crossbeam	► Locations where the saddle is not in contact with the crossbeam.		■											■	■	9005275	► Mechanical/Piping Engineer reviewed with recommended repairs.	9566429 9706650	► Identified locations with suspended saddles ► Mechanical/Piping Engineer reviewed with recommended repairs	No imminent threat to pipeline integrity	Implement recommended repairs ► 5 In progress	Section: Maintenance	
Gap between Pipe and Saddle	► Any gap.		■											■	■	9005275	► Mechanical/Piping Engineer reviewed with recommended repairs.	9566429 9706650	► Identified locations with gaps ► Mechanical/Piping Engineer reviewed with no recommended repairs	No imminent threat to pipeline integrity	Implement recommended repairs ► 1 In progress	Section: Maintenance	
Damage -- Pipeline	► Pipeline dents. ► Bullet holes.		■											■	■	9005275	None	-	None	Not Applicable	-	None	Not Applicable
Damage -- Support System	► Damaged support members. ► Dents greater than 3/4 inch in depth and 9 inches in length. ► Gouges deeper than 1/8 inch. ► Cracks.		■				■							■	■	9005275	► Mechanical/Piping Engineer reviewed with recommended repairs.	9566429 9706650	► Identified locations with damage ► Mechanical/Piping Engineer reviewed with no additional recommended repairs	No imminent threat to pipeline integrity	Implement recommended repairs ► 1 In progress	Section: Maintenance	

KUPARUK PIPELINES

SURVEILLANCE AND MONITORING PROGRAM											RESULTS OR CHANGES					PROPOSED ACTIONS											
DESCRIPTION QUANTITY / LOCATION	REPORTABLE CONDITIONS OR RATIONALE	METHOD					FREQUENCY QUANTITY					PIPELINE	2012		2013		EFFECTS OF CHANGE	PMO	DESCRIPTION	STATUS							
		Aerial	Ground	Leak Detect	SETCIM	Pigging	Site Specific	Weekly	Monthly	Months (#)	Years (#)		Conditional	Continuous	Kuparuk	Kuparuk Ext.					PMO	DESCRIPTION					
RIVER & FLOODPLAIN CROSSINGS																											
Channel Change	► Change in the river channel flow at the river crossings.	■					■						■	■	-	None	-	None	Not Applicable		-	None	Not Applicable				
Erosion of Gravel Pads	► Erosion of the gravel pads including sloughing of slopes and gravel deposits on tundra, washed out areas, gullies or crevasses.	■					■						■	■	-	None	-	None	Not Applicable		-	None	Not Applicable				
VALVES																											
Damage	► Improper functioning.	■					■	6					■	■	-	None	-	None	Not Applicable		-	None	Not Applicable				
Leaks	► Any leak.	■					■	6					■	■	-	None	-	None	Not Applicable		-	None	Not Applicable				
Mainline Valves	► Improper functioning.	■					■	6					■	■	-	None	-	None	Not Applicable		-	None	Not Applicable				
Relief Valves	► Improper functioning.	■							1				■	■	-	None	-	None	Not Applicable		-	None	Not Applicable				

ABBREVIATIONS AND ACRONYMS

A

AAC	Alaska Administrative Code
ACPF	Alpine Central Processing Facility
ACS	Alaska Clean Seas
ADEC	Alaska Department of Environmental Conservation
ADL	Alaska Division of Lands
ADP	Alpine Diesel Pipeline
ADNR	Alaska Department of Natural Resources
AFD	Authorization for Development
AFE	Authorization for Expenditure
AHF	Arctic Heating Fuel
AOP	Alpine Oil Pipeline
APC	Alpine Pipeline Company
API	American Petroleum Institute
APL	Alpine Crude Oil Pipeline
APSC	Alyeska Pipeline Service Company
ASH	Alaska Safety Handbook
ASRC	Arctic Slope Regional Corporation
ASTM	American Society for Testing and Materials
ATC	Alpine Transportation Company
AUP	Alpine Utility Pipeline

B

BAT	Best Available Technology
bbbl	barrels
BEAR	Behavior Eliminates All Risk
bpd	barrels per day
BPTA	BP Transportation Alaska
BPXA	BP Exploration Alaska

C

CD	Colville Development
CFR	Code of Federal Regulations
CP	cathodic protection
CPAI	ConocoPhillips Alaska, Inc.
CPC	ConocoPhillips Company
CPF1	Central Processing Facility 1
CPF2	Central Processing Facility 2
CRU	Colville River Unit

D

DOT	Department of Transportation
DS	Drill Site

E

EFA	Ed Farmer Associates
EMDC	ExxonMobil Development Corporation
EPA	Environmental Protection Agency
EPDDRM	Engineering Projects Data and Documents Requirements Manual
ESD	Emergency Shut Down

F

FBE	fusion bonded epoxy
FERC	Federal Energy Regulatory Commission
FLIR	forward-looking infrared

G

GIS	Geographic Information System
gpd	gallons per day

H

HAZOP	hazards and operability
HCA	high consequence area
HDD	horizontal directional-drilled
HEST	Health, Environmental, Safety, and Training
HSE	Health, Safety, and Environmental
HSEMSS	Health, Safety, and Environmental Management System Standard
HSM	horizontal support member(s)

I

ILI	in-line inspection
IM	Integrity Management
IMP	Integrity Management Program
IMU	inertial measurement unit
ISO	International Organization for Standards

K

KCC	Kuparuk Construction Complex
KIC	Kuparuk Industrial Center

ABBREVIATIONS AND ACRONYMS

KOC	Kuparuk Operations Center	PSV	pressure safety valve(s)
KPE	Kuparuk Pipeline Extension	PVD	pipeline vibration dampener(s)
KPL	Kuparuk Pipeline	Q	
KRU	Kuparuk River Unit	QA	Quality Assurance
KTC	Kuparuk Transportation Company	QC	Quality Control
M		QMS	Quality Management System
MAP	Management of Alaska Projects	R	
MOC	Management of Change	RAT	rope access technology
MOP	maximum operating pressure	RCA	Regulatory Commission of Alaska
MOV	motor operated valve(s)	ROV	remotely operated valve(s)
MT	magnetic particle testing	ROW	Right-of-Way / Rights-of-Way
N		RT	radiographic testing
NOA	Notice of Amendment	S	
NNGP	Nuiqsut Natural Gas Pipeline	SCADA	supervisory control and data acquisition
NPMS	National Pipeline Mapping System	SIS	safety instrumented system
NSB	North Slope Borough	SOP	standard operating procedure
NSTC	North Slope Training Cooperative	SPCO	State Pipeline Coordinator's Office
NTSB	National Transportation Safety Board	STD	standard
O		SMYS	specified minimum yield strength
OCMS	Operations Compliance Management System	T	
ODPCP	Oil Discharge Prevention and Contingency Plan	TAPS	Trans-Alaska Pipeline System
OPS	Office of Pipeline Safety	TWI	The Welding Institute
OQ	Operator Qualification	U	
OSHA	Occupational Safety and Health Association	USC	United States Code
P		UT	ultrasonic testing
PAP	Public Awareness Program	V	
PCV	pressure control valve(s)	VPP	Voluntary Protection Program
PHA	Process Hazards Analysis	VSM	vertical support member(s)
PHMSA	Pipeline and Hazardous Materials Safety Administration	W	
PMO	plant maintenance order	WFMT	wet fluorescent magnetic particle testing
PO	produced oil	WINGS	Workforce Involvement Nurtures Greater Safety
PS1	Pump Station 1		
PSH	pressure switch, high		
psi	pounds per square inch		
psig	pounds per square inch gauge		
PSM	Process Safety Management		