

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 28, 2016

Mr. Keith Seilhan
Senior Vice President – Gulf of Mexico
Stone Energy Corporation
625 East Kaliste Saloom Road
Lafayette, LA 70508

CPF 4-2016-7001W

Dear Mr. Seilhan:

On February 9-13, 2015, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code were onsite and inspected your Stone Energy Corporation (Stone) - offshore liquid crude pipeline related records and procedures in the field office located in Lafayette, LA.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation(s) are:

1. **§194.119 Submission and approval procedures**
 - (a) **Each operator shall submit two copies of the response plan required by this part. Copies of the response plan shall be submitted to: Office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, Department of Transportation, PHP 80, 1200 New Jersey Avenue, SE, Washington, DC 20590-0001. Note: Submission of plans in electronic format is preferred.**

Stone transported crude oil in the pipeline but failed to submit a response plan and failed to meet the requirements of §194.7 prior to February 10, 2015.

During the inspection, Stone provided the East Cameron 46 High Consequence Area Analysis dated April 26, 2012. While reviewing it, PHMSA inspectors noted the onshore facility could affect navigable waters of the USA. Since the late 1990's, Stone has operated approximately 22.4 miles of 6-inch steel pipeline departing from the East Cameron 46 Platform to the onshore facility (3.6 miles) in Grand Chenier, Louisiana.

Stone submitted a response plan to PHMSA as required by §194.7 for review and approval on February 10, 2015. No documentation indicating a response plan was submitted prior to February 10, 2015 was provided.

2. §195.402 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

Stone failed to keep the recently updated appropriate parts of their Operations and Maintenance (O&M) manual as well as their emergency manual at EC 46 platform where operations and maintenance activities are being conducted.

During the field inspection of the EC 46 platform, the operator advised PHMSA inspectors that their O&M and Emergency manuals are located on the platform via intranet and/or SEMPCheck to all qualified company employees. When the PHMSA inspector randomly selected a qualified employee, who performed an inspection on FSV at EC 46 and the supervisor to show the current manuals on intranet/SEMPCheck, they were unable to find it. The most recent revision date for the O&M including the Emergency Response Plan is February 2, 2015. However, the hard copies of these manuals available at EC 46 platform were dated February 2005.

3. §194.111 Response plan retention.

(a) Each operator shall maintain relevant portions of its response plan at the operator's headquarters and at other locations from which response activities may be conducted, for example, in field offices, supervisors' vehicles, or spill response trailers.

Stone failed to maintain relevant portions of its response plan at the EC 46 platform where response activities may be conducted. During the field inspection of Stone Energy EC 46 platform on February 11, 2015, PHMSA inspectors were not provided the most recent Regional Oil Spill Response Plan.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item(s) identified in this letter. Failure to do so will result in Stone Energy Corporation being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 4-2016-7001W**. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Sincerely,

R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration