

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 9, 2012

Mr. John Filiatrault
Vice President CO₂ Supply & Pipelines
Denbury Onshore, LLC
5320 Legacy Drive
Plano, Texas 75024

CPF 2-2012-5011

Dear Mr. Filiatrault:

On July 16, 2012, Denbury Onshore, LLC (Denbury) submitted an “*Operator Registry Notification*” (Form PHMSA F 1000.2) to the Pipeline and Hazardous Materials Safety Administration (PHMSA) electronically through the *National Registry of Pipeline and LNG Operators* at <http://opsweb.phmsa.dot.gov>. The notification advised PHMSA of Denbury’s intent to add 19.9 miles of a loop pipeline to its existing North East Jackson Dome Pipeline (NEJD). The new loop pipeline will run from Rankin County, MS, to Simpson County, MS.

As a result of this submittal, it appears that Denbury has committed a probable violation of the Pipeline Safety Regulations, in Title 49 of the Code of Federal Regulations. The probable violation is as follows:

- 1. § 195.64 National Registry of Pipeline and LNG Operators.**
 - ... (c) Changes. Each operator must notify PHMSA electronically through the National Registry of Pipeline and LNG Operators at <http://opsweb.phmsa.dot.gov>, of certain events.**
 - (1) An operator must notify PHMSA of any of the following events not later than 60 days before the event occurs:**
 - ... (ii) Construction of 10 or more miles of a new hazardous liquid pipeline; or**

Denbury notified PHMSA electronically on July 16, 2012, through the *National Registry of Pipeline and LNG Operators* at <http://opsweb.phmsa.dot.gov>, of its intent to construct more than 10 miles of a new hazardous liquid pipeline beginning July 11, 2012. This notification was required not later than 60 days before the event was to occur; i.e. not later

than May 12, 2012. Denbury's failure to properly notify PHMSA not later than 60 days prior to July 11, 2012, deprived PHMSA of its ability to properly plan for the inspection of this newly constructed pipeline and related facilities.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 for each violation for each day the violation persists up to a maximum of \$2,000,000 for any related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation and has recommended that you be preliminarily assessed a civil penalty of \$18,700 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$18,700

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. 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). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

In your correspondence on this matter, please refer to **CPF 2-2012-5011** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Wayne T. Lemoi
Director, Office of Pipeline Safety
PHMSA Southern Region

Enclosures: *Response Options for Pipeline Operators in Compliance Proceedings*