

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 05, 2015

Mr. Grant E. Sims
Director and Chief Executive Officer
Genesis Energy, Genesis Offshore Holdings, LLC
919 Milam Street, Suite 2100
Houston, TX 77002

CPF 4-2015-5027W

Dear Mr. Sims:

Representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code have been reviewing your reports and notifications that have been submitted to PHMSA. As a result of this review, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items reviewed and the probable violation is:

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.

(2) An operator must notify PHMSA of any following event not later than 60 days after the event occurs:

(iv) The acquisition or divestiture of 50 more miles of pipeline or pipeline system subject to this part;

Genesis Offshore Holdings, LLC failed to notify PHMSA of its intent to acquire 50 more miles of pipeline or pipeline system no later than 60 days beginning July 24, 2015, which in this case was the date of acquisition. This notification was required on September 22, 2015.

Genesis Offshore Holdings submitted an Operator Registry Notification, PHMSA F 1000.2, on October 19, 2015, for the acquisition of 1,975 miles of gas gathering, gas transmission, and hazardous liquids pipelines that were formerly owned and operated by Enterprise Products Operating, LLC.

The acquired pipelines consists of 874 miles of offshore gas gathering pipelines in the Outer Continental Shelf (OCS) Gulf of Mexico, 4.31 miles of interstate gas transmission pipeline in the counties of Matagorda and Calhoun in the state of Texas, 1.52 miles of offshore gas transmission pipeline in the OCS Gulf of Mexico, 0.52 miles of interstate hazardous liquid pipeline in the county of Galveston in the state of Texas, and 1,095 miles of hazardous liquid pipeline in the OCS Gulf of Mexico.

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.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 4-2015-5027W**. 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