

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 18, 2016

Ms. Diane Dundee
Chief Operations Officer
Kinetica Energy Express LLC
1001 McKinney St., Suite 900
Houston, TX 77002

CPF 4-2016-1007M

Dear Ms. Dundee:

Between February 1, 2016 and March 18, 2016, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected the written operating and maintenance procedures and other pipeline records for Kinetica Energy Express, LLC (Kinetica) in Lake Charles, LA .

On the basis of the inspection, PHMSA has identified the apparent inadequacy found within Kinetica's plans or procedures, as described below:

1. §192.617 Investigation of failures.

Each operator shall establish procedures for analyzing accidents and failures, including the selection of samples of the failed facility or equipment for laboratory examination, where appropriate, for the purpose of determining the causes of the failure and minimizing the possibility of a recurrence.

Kinetica failed to complete the investigation of each failure to determine the cause and minimize the possibility of recurrence in accordance with 192.617. Section 603 of their Operations & Maintenance plan fails to provide an adequate procedure to complete the required investigations in a timely manner. Kinetica first experienced a failure on 10/10/2013 and since then have reported nine failures in the next years, all attributed to internal corrosion.

With 10 failures over the course of 2 ½ years , it appears Kinetica’s offshore assets are at an elevated risk of failure due to internal corrosion emphasizing the importance of completing the failure analysis and lessons learned to minimize the possibility of recurrence, following each incident.

Kinetica should revise its procedure Section 603(Item 9) in their Operations & Maintenance Manual pertaining to incident investigations, to ensure failures and/or incident investigations are completed in a timely manner. The revisions must include provisions for conducting investigations following each failure, and must include direction to determine the cause of the failure and recommendations to minimize the possibility of a recurrence.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. 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.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Kinetica maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to R. M. Seeley, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 4-2016-1007M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

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