

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 4, 2016

Mr. Larry Alexander
President
Crimson Gulf, LLC
263 Trinity Lane
Gray, LA 70359

CPF 4-2016-5008M

Dear Mr. Alexander:

On March 2015 to July 2015, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Crimson Gulf, LLC (Crimson Gulf) procedures for Operations and Maintenance in Houma, Louisiana.

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

- 1. §195.402 Procedural manual for operations, maintenance, and emergencies.**
 - (c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:**
 - (3) Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart and subpart H of this part.**

Throughout Crimson Gulf's Operations and Maintenance Manual, Section H.1 Corrosion Control Procedures, the procedures replicate and paraphrase the regulations, and reference the regulations instead of their own processes and procedures. Crimson's procedures must be amended to be more specific to the Crimson system, provide adequate details and not simply paraphrase the regulations for conducting normal operations and maintenance activities.

The following sections of Crimson's O&M Manual need to be amended:

1. Section H.1., D.2 Pipelines That Must Have Coating for External Corrosion Control procedure to meet the requirements of §195.557 Which pipelines must have coating for external corrosion control? Procedure paraphrases and references the regulations.
2. Section H.1., D.3 Coating Materials procedure to meet the requirements of §195.559 What coating material may I use for external corrosion control? The procedure lacks guidance and specifics on the coating material to be used.
3. Section H.1., D.4 Pipe Coating Inspections procedure to meet the requirements of §195.561 When must I inspect pipe coating used for external corrosion control? The procedure lacks detailed guidance and specifics.
4. Section H.1., D.5 Pipelines Required to Have Cathodic Protection procedure to meet the requirements of §195.563 Which pipelines must have cathodic protection? Their procedure paraphrases and references the regulations.
5. Section H.1., D.8 Test Leads-Installation & Maintenance procedure to meet the requirements of §195.567 Which pipelines must have test leads and what must I do to install and maintain the leads? Their procedure paraphrases and references the regulations.
6. Section H.1., D.9 Inspections of Exposed Sections of Pipe procedure to meet the requirements of §195.569 Do I have to examine exposed portions of buried pipelines? Their procedure paraphrases and references the regulations.
7. Section H.1., D.11 Monitoring External Corrosion Control procedure to meet the requirements of §195.573 What must I do to monitor external corrosion control? Their procedure paraphrases and references the regulations.
8. Section H.1., D.12 Electrical Isolations, Inspections, Tests, and Safeguards procedure to meet the requirements of §195.575. Their procedure paraphrases and references the regulations.
9. Section H.1., D.14 Mitigating Internal Corrosion procedure to meet the requirements of §195.579 What must I do to mitigate internal corrosion? Their procedure does not address pipeline alignment features such as changes in elevation, low points, sharp bends, and dead legs that may contribute to internal corrosion by allowing water to settle out.
10. Section H.1., D.15 Atmospheric Corrosion and Coating Materials procedure to meet the requirements of §195.581 Which pipeline must I protect against atmospheric corrosion and what coating material may I use? Their procedure paraphrases and references the regulations, and lacks details.
11. Section H.1., D.17 General Corrosion procedure to meet the requirements of §195.585 What must I do to correct corroded pipe? Their procedure paraphrases and references the regulations and lacks details.
12. Section H.1., D.18 How to Determine the Strength of Corroded Pipe procedure to meet the requirements of §195.587 What methods are available to determine the strength of corroded pipe? Their procedure paraphrases and references the regulations and lacks details.

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

(f) Safety-related condition reports. The manual required by paragraph (a) of this section must include instructions enabling personnel who perform operation and maintenance activities to recognize conditions that potentially may be safety-related conditions that are subject to the reporting requirements of §195.55.

Crimson Gulf's Operations and Maintenance Manual, Section B.3 Safety Related Condition Reporting did not specify when and what information is required to be reported to PHMSA under §195.55.

Crimson's procedure states that "once a condition is discovered and subsequently determined to be a safety related condition that cannot be repaired, replaced or mitigated within 5 working days, a Safety Related Condition Report must be filed by the DOT Compliance Advisor". Their procedure does not differentiate the reporting time limits between time of discovery and time of determination for safety related conditions as stated in §195.56(a).

The procedure also did not address the information required to be reported under §195.56(b).

§195.413 Underwater inspection and reburial of pipelines in the Gulf of Mexico and its inlets.

(a) Except for gathering lines of 4½ inches (114mm) nominal outside diameter or smaller, each operator shall prepare and follow a procedure to identify its pipelines in the Gulf of Mexico and its inlets in waters less than 15 feet (4.6 meters) deep as measured from mean low water that are at risk of being an exposed underwater pipeline or a hazard to navigation. The procedures must be in effect August 10, 2005.

(b) Each operator shall conduct appropriate periodic underwater inspections of its pipelines in the Gulf of Mexico and its inlets in waters less than 15 feet (4.6 meters) deep as measured from mean low water based on the identified risk.

(c) If an operator discovers that its pipeline is an exposed underwater pipeline or poses a hazard to navigation, the operator shall—

(1) Promptly, but not later than 24 hours after discovery, notify the National Response Center, telephone: 1-800-424-8802, of the location and, if available, the geographic coordinates of that pipeline.

(2) Promptly, but not later than 7 days after discovery, mark the location of the pipeline in accordance with 33 CFR Part 64 at the ends of the pipeline segment and at intervals of not over 500 yards (457 meters) long, except that a pipeline segment less than 200 yards (183 meters) long need only be marked at the center; and

(3) Within 6 months after discovery, or not later than November 1 of the following year if the 6 month period is later than November 1 of the year of discovery, bury the pipeline so that the top of the pipe is 36 inches (914 millimeters) below the underwater natural bottom (as determined by recognized and generally accepted practices) for normal excavation or 18 inches (457 millimeters) for rock excavation.

(i) An operator may employ engineered alternatives to burial that meet or exceed the level of protection provided by burial.

(ii) If an operator cannot obtain required state or Federal permits in time to comply with this section, it must notify OPS; specify whether the required permit is State or Federal; and, justify the delay.

Crimson Gulf's Operations and Maintenance Manual, Section F.5 Underwater Inspection and Reburial of Pipelines in the Gulf of Mexico Procedure, paragraph D.1., paraphrased the regulation §195.413 and lacks details and guidance.

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 Crimson Gulf, LLC 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 4-2016-5008M** 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*