

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 11, 2017

David Dunwoody
President
EnVen Energy Ventures LLC
333 Clay St. Suite 4200
Houston, Texas 77002

CPF 4-2017-5012

Dear Mr. Dunwoody:

On November 14 through 17, 2016, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected the EnVen Energy Ventures, LLC (Enven) Cognac Pipeline Offshore Liquid System located Offshore Louisiana.

As a result of the inspection, it is alleged that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The item inspected and the probable violation is:

1. §195.573 What must I do to monitor external corrosion control?

(c) *Rectifiers and other devices.* You must electrically check for proper performance each device in the first column at the frequency stated in the second column.

Device	Check frequency
Rectifier	At least six times each calendar year, but with intervals not exceeding 2 1/2 months.
Reverse current switch	
Diode	
Interference bond whose failure would jeopardize structural protection	
Other interference bond	At least once each calendar year, but with intervals not exceeding 15 months.

Enven failed to perform electrical checks for proper performance of each rectifier providing cathodic protection to the Cognac Pipeline Offshore Liquid System as required by §195.573. Enven personnel stated that the rectifier providing protection to the system was not owned by Enven and did not have documentation to determine whether the required checks were performed. Although the rectifier may not be owned by Enven, the proper operational performance checks are required to determine proper cathodic protection of the Cognac Pipeline Offshore Liquid System.

Proposed Compliance Order

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$205,638 per violation per day the violation persists up to a maximum of \$2,056,380 for a related series of violations. For violations occurring between January 4, 2012 to August 1, 2016, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$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 maximum penalty not exceeding \$1,000,000 for related series of violations.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

With respect to Item1 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Enven. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

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 4-2017-5012** 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

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

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to EnVen Energy Ventures, LLC a Compliance Order incorporating the following remedial requirements to ensure the compliance of EnVen Energy Ventures, LLC with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to Enven's failure to conduct electrical checks of rectifiers providing cathodic protection to the Cognac Pipeline Offshore Liquid System, Enven must perform an inspection of the rectifiers protecting the Cognac Pipeline Offshore Liquid System to ensure continued cathodic protection. Alternatively, Enven must institute a process for the future receipt of rectifier electrical check inspection records to ensure proper operation.
2. Enven shall complete Item 1 within 60 days after receipt of the Final Order.
3. It is requested (not mandated) that Enven maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to R. M. Seeley, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.