



January 15, 2018

Mr. John Manning
Acting Director, Southwest Region, PHMSA
Pipeline and Hazardous Materials Safety Administration
8701 S. Gessner Road
Suite 900
Houston, Texas 77074

RE: CPF 4-2017-7007
Genesis Offshore Holdings, LLC (OPID# 39352)
Audit: January 23 - August 25, 2017
Response to Notice of Probable Violations (NOPVs)
Due date: **January 22, 2018**

Dear Mr. Manning:

On January 23, 2017, through August 25, 2017, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) conducted an inspection of the "Genesis Offshore Holdings, LLC" (OPID# 39352) written operations and maintenance (O&M) procedures, records, and facilities. As a result of the inspection, alleged probable violations relative to 49 CFR 195.402, 195.452(b), 195.452(j), 195.452(k), and 195.561 regulations were identified as the code deficiencies.

In response, "Genesis Offshore Holdings, LLC" is proposing seven (7) corrective actions to the following documents:

- *Genesis Liquids Operations Procedures Manual (LOM&E)*
- *Genesis Liquids Pipeline Integrity Program*
- *Genesis Field Operations Procedures*

The items listed in PHMSA correspondence letter CPF 4-2017-7007 will begin on Page 2 corresponding to the referenced articles in the letter.

NOPV, Item #1, § 195.402, LOME, Section 1500, Corrosion:

Since the last correspondence with the PHMSA Inspector, “Genesis” Corrosion technicians mitigated and completed two (2) atmospheric corrosion locations identified on pipeline segments 10597, 11968, and 12508. Documentation supporting the repairs and work order closure are included in Attachment 1.

For line segments 14077 (two locations), the mitigation plan will be executed immediately to lessen the offshore corrosion effects according to the company repair criteria in GEN CP 36. Should additional atmospheric corrosion remedial actions be reported, corrective measures will follow GEN CP 38 Deficiency Reporting Procedures.

Genesis expects the remaining three (3) offshore corrosion locations remediated according to the remediation plan listed below:

Line: 12508 Eugene Island EI-346 – blasting & painting equipment is scheduled to begin February 12th, 2018. Other actions taken will be completed concurrently with the original identified remedial actions.

Line: 14077 CHOPS Outgoing at SS-332 – For line station numbers 113.3 & 113.4, blasting & painting equipment is scheduled to begin January 8th, 2018. Other actions taken will be completed concurrently with the original identified remedial actions.

Line: 14077 CHOPS Incoming Riser & Pig Receiver at GB-72 – blasting & painting equipment is scheduled to begin January 13th, 2018. Other actions taken will be completed concurrently with the original identified remedial actions.

Completion of the corrective measures above is expected by the end of 1st Qtr. 2018.

Item 1 – Civil Penalty

The previous corrosion assessments were conducted by the prior operator of record (31618). Because Genesis Offshore Holdings, LLC only had six months of Operatorship, Genesis respectfully requests the civil penalty be reduced.

Item 1 – List of Attachments

1. Procedure GEN CP 36
2. Procedure GEN CP 38
3. Line 10597, Repair Document
4. Line 11968, Repair Document
5. Line 12508, Repair Document

NOPV, Item #2, § 195.452(b), Genesis Liquids Pipeline Integrity Program, Section 601L, Information Analysis and Line Pipe Procedure:

Genesis Energy, L.P. acquired the offshore pipelines on July 24th, 2015 and took over Operatorship of the line segments until July 24th, 2016. Upon PHMSA inspection starting on

January 23, 2017, Genesis Offshore Holdings, LLC had not completed the Informational Analysis (IA) according to Section 601L of the company Integrity Management Plan (IMP).

The line segments requiring an IA were completed by November 2017. A copy of the IA Tracking Sheet is included in Attachment 2 of this letter as documentation of the IA completion and consists of the line segment proposed re-assessment dates.

Item 2 – Civil Penalty

Because Genesis Offshore Holdings, LLC only had six months of Operatorship (beginning July 24th, 2016), the Informational Analysis for line segments 12470, 13972, and 13987 are now complete as of November 2017 within the three (3) year Integrity Management Plan (IMP) requirements.

Genesis respectfully requests the civil penalty be revoked.

Item 2 - List of Attachments

1. IA and Assessment Timeline Tracker
2. IA Form – Line 12470
3. IA Form – Line 13972
4. IA Form – Line 13987

CO, Item #3, § 195.452(b), Genesis Liquids Pipeline Integrity Program, Section 600, *Determining Preventive and Mitigative Measures:*

Genesis updated Section 600 of the Pipeline Integrity Plan to include the following language supporting the inclusion of maintenance pigs and biocides as part of the preventive and mitigative measures inherent to the pre-assessment decision-making process.

Field procedures GEN INT CP 01, 04, and CP 14 provide general guidance on the internal corrosion program, microbiological remediation, and pigging consideration for internal corrosion. These findings shall submit discoveries to the appropriate field managers and integrity supervisors investigating IA data. Supporting data will be requested by the integrity researcher during the informational analysis (IA) before the next assessment period.

Item 3 – List of Attachments

1. GEN INT CP 01
2. GEN INT CP 04
3. GEN INT CP 14

Warning, Item #4, § 195.561, LOME, Section 1500, *Corrosion:*

Genesis Corrosion Department conducted a Direct Current Voltage Gradient (DCVG) on January 4th, 2018 at Coteau Station with no findings. The study started 100 feet upstream and downstream of the tie-in valve.

The results of the DCVG study demonstrates that all coating damage observed during the “Hot Tapping” was repaired effectively according to the Company mandated repair procedures; CP 35, CP 38, and Genesis Engineering Standard 7002 and 7004. The DCVG study did not produce any indications, and no remedial actions are recommended.

Attachment 4 – includes copies of the DCVG reports conducted on January 4th, 2018. Supporting OQ qualifications for the DCVG study is included.

Warning, Item #5, § 195.452(b), Genesis Liquids Pipeline Integrity Program, Section 601L, Information Analysis and Line Pipe Procedure:

Upon Genesis’s operator transfer agreement, Genesis requested the Information Analysis (IA) documentation from the previous Operator of Record (31618). The inline inspection tools (ILI) were run on 9/29/14; other subsequent runs were 10/18/14 & 11/23/14. The results on the segment evaluations were received on 11/17/14 and 3/24/15. Genesis immediately requested the outstanding ILI results to be expedited and were received on 3/24/17.

Genesis preliminary review concluded that the IA needed to be completed within three (3) years of receiving the results from the past ILI assessments. The IA for these offshore pipelines was completed before the Genesis target date of 11/17/17; for lines segments 12470, 13972, and 13987. A periodic evaluation of the line segments will now follow and be incorporated into Company integrity assessment schedules. Documentation supporting the IA completion and rescheduling are included in Attachment 2.

Per 49 CFR 195.452(j) Evaluation, risk factors identified in the baseline data and Informational Analysis (IA) shall drive the re-assessment frequencies as prescribed by Section 601L of the company Integrity Management Plan meeting the expectations of subsequent paragraphs (g), (h), and (i).

A copy of the IA Tracking Sheet is included in Attachment 2 as documentation of the IA completion and proposed re-assessment dates.

Warning, Item #6, § 195.452(j), Genesis Liquids Pipeline Integrity Program, Section 601L, Information Analysis and Line Pipe Procedure:

The line segments requiring an IA were completed by November 2017. Genesis completed the Information Analysis (IA) for lines segments 12470, 13972, and 13987. Please refer to Attachment 2 for a copy of the IA completion documents and tracking sheet.

Warning, Item #7, § 195.452(k), Genesis Liquids Pipeline Integrity Program, Section 701L, Measure IMP Effectiveness Procedure:

Genesis Energy completed the IA efforts and the subsequent 2017 review of the IMP effectiveness for these segments.

The annual performance effectiveness review is documented on form 702L. Part II of the form captures information relative to threat specific measures; such as Corrosion (Internal, External, and SCC), Manufacturing, Construction, Equipment, and Third Party Damage. Part III of 702L is the review date and comment section to document program effectiveness conclusions. Threat Specific measures identified on the form also include "Explanations of Change" for each itemized question.

A copy of the IMP Form 702L IMP Performance Measures is included in Attachment 5 of this letter.

We appreciate the opportunity to work with PHMSA regarding the safe operation of our pipelines and trust this additional information satisfies your concerns.

If you have any questions or comments, please feel free to contact me directly at (713) 860-2542 or by e-mail at Jeff.Gifford@genlp.com.

Sincerely,



Jeffrey W. Gifford
Vice President, HSSE

Attachments