

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 16, 2017

Mr. Keith Acker, Sr. Vice President
Energy XXI Pipeline, LLC
1021 Main Street, Suite 2626
Houston, TX 77002

CPF 4-2017-9003M

Dear Mr. Acker:

From February 23 through April 14, 2016, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Energy XXI Pipeline, LLC's (Energy XXI) procedures for your crude oil and natural gas pipeline operations in the Gulf of Mexico and Grande Isle, Louisiana areas.

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

1. §192.605 Procedural manual for operations, maintenance, and emergencies.

(b) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(1) Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart and subpart M of this part.

§192.727 Abandonment or deactivation of facilities.

(g) For each abandoned offshore pipeline facility or each abandoned onshore pipeline facility that crosses over, under or through a commercially navigable waterway, the last operator of that facility must file a report upon abandonment of that facility.

Energy XXI procedure P-192.727: Abandonment or Deactivation of Facilities did not specify that reports will be made to PHMSA when offshore pipeline facilities are abandoned.

2. **§192.605 Procedural manual for operations, maintenance, and emergencies.**

(b) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(2) Controlling corrosion in accordance with the operations and maintenance requirements of subpart I of this part.

§192.459 External corrosion control: Examination of buried pipeline when exposed.

Whenever an operator has knowledge that any portion of a buried pipeline is exposed, the exposed portion must be examined for evidence of external corrosion if the pipe is bare, or if the coating is deteriorated. If external corrosion requiring remedial action under §§192.483 through 192.489 is found, the operator shall investigate circumferentially and longitudinally beyond the exposed portion (by visual examination, indirect method, or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the exposed portion.

Energy XXI procedure P-192.455: External Corrosion Control did not specify that if external corrosion is found on exposed pipe that there must be further investigation circumferentially and longitudinally beyond the exposed portion by visual examination, indirect method, or both to determine whether additional corrosion exists and to determine whether additional corrosion requires remedial action.

3. **§192.605 Procedural manual for operations, maintenance, and emergencies.**

(b) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(2) Controlling corrosion in accordance with the operations and maintenance requirements of subpart I of this part.

§192.465 External corrosion control: Monitoring.

(d) Each operator shall take prompt remedial action to correct any deficiencies indicated by the monitoring.

Energy XXI procedure P-192.455: External Corrosion Control did not specify that remediation for corrosion control deficiencies indicated by monitoring will be completed before the next required inspection. ENERGY XXI procedures stated that remediation should be completed within 15 months but does not account for any monitoring inspections completed toward the end of the calendar year.

4. **§192.605 Procedural manual for operations, maintenance, and emergencies.**

(b) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(2) Controlling corrosion in accordance with the operations and maintenance requirements of subpart I of this part.

§192.467 External corrosion control: Electrical isolation.

(c) Except for unprotected copper inserted in ferrous pipe, each pipeline must be electrically isolated from metallic casings that are a part of the underground system. However, if isolation is not achieved because it is impractical, other measures must be taken to minimize corrosion of the pipeline inside the casing.

Energy XXI procedure P-192.455: External Corrosion Control did not specify a frequency for leak surveying a shorted casing when the casing is found shorted and cannot be remediated by repairing the casing spacers or injecting a dielectric substance into the casing to carrier pipe annular space.

5. **§192.615 Emergency plans.**

(a) Each operator shall establish written procedures to minimize the hazard resulting from a gas pipeline emergency. At a minimum, the procedures must provide for the following:

(3) Prompt and effective response to a notice of each type of emergency, including the following:

(ii) Fire located near or directly involving a pipeline facility.

(iii) Explosion occurring near or directly involving a pipeline facility.

(iv) Natural disaster.

Energy XXI procedure P-192.615: Emergency Response did not specify employee actions to be taken in the event of a notice of emergency for fire located near or directly involving a pipeline facility or close to a pipeline, an explosion occurring near or directly involving a pipeline facility or natural disasters that may be anticipated along the pipeline system.

6. **§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.

Energy XXI procedure P-192.617: Investigating and Analyzing Incidents and Failures did not

specify how collection and handling of pipeline facility samples for metallurgical analysis resulting from accidents or failures will be conducted including documenting the chain of custody.

7. §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 system in accordance with each of the requirements of this subpart and subpart H of this part.

§195.234 Welds: Nondestructive testing.

(a) A weld may be nondestructively tested by any process that will clearly indicate any defects that may affect the integrity of the weld.

(b) Any nondestructive testing of welds must be performed—

(1) In accordance with a written set of procedures for nondestructive testing; and

(2) With personnel that have been trained in the established procedures and in the use of the equipment employed in the testing.

Energy XXI procedure P-195.214: Welding did not specify that a weld may be nondestructively tested by any process that will clearly indicate any defects that may affect the integrity of the weld and nondestructive testing of welds must be performed in accordance with a written set of procedures for nondestructive testing; and with personnel that have been trained in the established procedures and in the use of the equipment employed in the testing.

8. §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 system in accordance with each of the requirements of this subpart and subpart H of this part.

§195.569 Do I have to examine exposed portions of buried pipelines?

Whenever you have knowledge that any portion of a buried pipeline is exposed, you must examine the exposed portion for evidence of external corrosion if the pipe is bare, or if the coating is deteriorated. If you find external corrosion requiring corrective action under §195.585, you must investigate circumferentially and longitudinally beyond the exposed portion (by visual examination, indirect method,

or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the exposed portion.

Energy XXI procedure P-195.422: Pipeline Repair Procedures did not specify that if external corrosion is found on exposed pipe that there must be further investigation circumferentially and longitudinally beyond the exposed portion by visual examination, indirect method, or both to determine whether additional corrosion exists and to determine whether additional corrosion requires remedial action.

9. §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 system in accordance with each of the requirements of this subpart and subpart H of this part.

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

(e) *Corrective action.* You must correct any identified deficiency in corrosion control as required by §195.401(b). However, if the deficiency involves a pipeline in an integrity management program under §195.452, you must correct the deficiency as required by §195.452(h).

Energy XXI procedure P-195.561: External Corrosion Remediation did not specify that remediation for corrosion control deficiencies indicated by monitoring will be completed before the next required inspection. ENERGY XXI procedures stated that remediation should be completed within 15 months but does not account for any monitoring inspections completed toward the end of the calendar year.

10. §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:

(10) Abandoning pipeline facilities, including safe disconnection from an operating pipeline system, purging of combustibles, and sealing abandoned facilities left in place to minimize safety and environmental hazards. For each abandoned offshore pipeline facility or each abandoned onshore pipeline facility that crosses over, under or through commercially navigable waterways the last operator of that facility must file a report upon abandonment of that facility in accordance with §195.59 of this part.

§195.59 Abandonment or deactivation of facilities.

For each abandoned offshore pipeline facility or each abandoned onshore pipeline facility that crosses over, under or through a commercially navigable waterway, the last operator of that facility must file a report upon abandonment of that facility.

(a) The preferred method to submit data on pipeline facilities abandoned after October 10, 2000 is to the National Pipeline Mapping System (NPMS) in accordance with the NPMS “Standards for Pipeline and Liquefied Natural Gas Operator Submissions.” To obtain a copy of the NPMS Standards, please refer to the NPMS homepage at <http://www.npms.phmsa.dot.gov> or contact the NPMS National Repository at 703-317-3073. A digital data format is preferred, but hard copy submissions are acceptable if they comply with the NPMS Standards. In addition to the NPMS-required attributes, operators must submit the date of abandonment, diameter, method of abandonment, and certification that, to the best of the operator's knowledge, all of the reasonably available information requested was provided and, to the best of the operator's knowledge, the abandonment was completed in accordance with applicable laws. Refer to the NPMS Standards for details in preparing your data for submission. The NPMS Standards also include details of how to submit data. Alternatively, operators may submit reports by mail, fax or e-mail to the Office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, U.S. Department of Transportation, Information Resources Manager, PHP-10, 1200 New Jersey Avenue, SE., Washington, DC 20590-0001; fax (202) 366-4566; e-mail, “*InformationResourcesManager@phmsa.dot.gov*. The information in the report must contain all reasonably available information related to the facility, including information in the possession of a third party. The report must contain the location, size, date, method of abandonment, and a certification that the facility has been abandoned in accordance with all applicable laws.

Energy XXI procedure P-195.402(c)(10) Abandonment Or Deactivation of Facilities did not specify that reports will be submitted to NPMS or alternatively PHMSA when offshore pipeline facilities are abandoned.

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 Energy XXI Pipeline, 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 4-2017-9003M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Terri J. Binns
Acting Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration

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