

September 12, 2019

Mr. Matt McCarroll  
President and Chief Executive Officer  
Fieldwood Energy, LLC  
2000 W. Sam Houston Parkway South  
Suite 1200  
Houston, Texas 77042

**Re: CPF No. 4-2019-5007**

Dear Mr. McCarroll:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and specifies actions that need to be taken by Fieldwood Energy, LLC, to comply with the pipeline safety regulations. When the terms of the compliance order have been completed, as determined by the Director, Southwest Region, this enforcement action will be closed. Service of the Final Order by certified mail is effective upon the date of mailing, as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry  
Associate Administrator  
for Pipeline Safety

Enclosure

cc: Ms. Mary McDaniel, Director, Southwest Region, Office of Pipeline Safety, PHMSA  
Ms. Trisha Hackett, Compliance Coordinator, Fieldwood Energy, LLC, 2014 W. Pinhook  
Road, Suite 800, Lafayette, Louisiana 70508

CERTIFIED MAIL - RETURN RECEIPT REQUESTED



## FINDINGS OF VIOLATION

In its Response, Fieldwood did not contest the allegations in the Notice that it violated 49 C.F.R. Part 195, as follows:

**Item 4:** The Notice alleged that Respondent violated 49 C.F.R. § 195.452(e)(1):

**§ 195.452 Pipeline integrity management in high consequence areas.**

(a) ....

(e) *What are the risk factors for establishing an assessment schedule (for both the baseline and continual integrity assessments)?*

(1) An operator must establish an integrity assessment schedule that prioritizes pipeline segments for assessment (see paragraphs (d)(1) and (j)(3) of this section). An operator must base the assessment schedule on all risk factors that reflect the risk conditions on the pipeline segment. The factors an operator must consider include, but are not limited to:

(i) Results of the previous integrity assessment, defect type and size that the assessment method can detect, and defect growth rate;

(ii) Pipe size, material, manufacturing information, coating type and condition, and seam type;

(iii) Leak history, repair history and cathodic protection history;

(iv) Product transported;

(v) Operating stress level;

(vi) Existing or projected activities in the area;

(vii) Local environmental factors that could affect the pipeline (e.g., corrosivity of soil, subsidence, climatic);

(viii) geo-technical hazards; and

(ix) Physical support of the segment such as by a cable suspension bridge.

The Notice alleged that Respondent violated 49 C.F.R. § 195.452(e)(1) by failing to establish an integrity assessment schedule that prioritizes pipeline segments for assessment based on all risk factors that reflect the risk conditions on each pipeline segment. Specifically, the Notice alleged that instead of basing its assessment schedules on all risk factors, including but not limited to results of previous integrity assessments, defect type and size that the assessment method can detect, and defect growth rate, pipe size, material, manufacturing information, coating type and condition, and seam type, leak history, repair history and cathodic protection history, product transported, operating stress level, existing or projected activities in the area, and local environmental factors that could affect the pipeline, Fieldwood only considered the results from previous hydrotests when setting all assessment cycles for all pipeline segments at five year intervals.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.452(e)(1) by failing to establish an integrity assessment schedule that prioritizes pipeline segments for assessment based on all risk factors affecting the segment.

**Item 5:** The Notice alleged that Respondent violated 49 C.F.R. § 195.452(f)(8), which states:

**§ 195.452 Pipeline integrity management in high consequence areas.**

(a) ....

(f) *What are the elements of an integrity management program?*

(1) ....

(8) A process for review of integrity assessment results and information analysis by a person qualified to evaluate the results and information (see paragraph (h)(2) from this section).

The Notice alleged that Respondent violated 49 C.F.R. § 195.452(f)(8) by failing to have a process for review of integrity assessment results and information analysis by a person qualified to evaluate the results and information. Specifically, the Notice alleged that Fieldwood failed to provide records or other substantiating evidence to demonstrate that its personnel were qualified to review integrity assessments results and conduct information analyses. During the inspection, Fieldwood only provided a brief biographic summary paragraph for two employees. Not only could Fieldwood not provide documentation for all its staff reviewing integrity information, but the documentation it did provide did not adequately demonstrate how its employees were qualified to review and evaluate integrity assessment results.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.452(f)(8) by failing to have a process for review of integrity assessment results and information analysis by a person qualified to evaluate the results and information.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

**COMPLIANCE ORDER**

The Notice proposed a compliance order with respect to Items 4 and 5 in the Notice for violations of 49 C.F.R. §§ 195.452(e)(1) and 195.452(f)(8), respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 195.452(e)(1) (**Item 4**), Respondent must review its process for risk evaluation (including threats and consequences) and amend its Integrity Management Plan (IMP) to include procedures for consideration of all (but not limited to) the risk factors set forth in § 195.452(e)(1). Once this is complete, Fieldwood must prioritize its pipelines segments to establish an integrity assessment schedule that prioritizes pipeline segments based on all the risk factors that reflect the

risk conditions on each pipeline segment. This schedule must be completed within 60 days of receipt of the Final Order;

2. With respect to the violation of § 195.452(f)(8) (**Item 5**), Respondent must review its IMP Qualification Process, including making any necessary amendments to ensure proper documentation, and follow the process for each individual. It must document the training and qualifications of each individual, including in-house and third-party personnel, who are responsible for reviewing and evaluating integrity assessment results and information analyses. Fieldwood must provide documentation of this to PHMSA within 60 days of receipt of the Final Order.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

It is requested (not mandated) that Respondent maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director. 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.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$200,000, as adjusted for inflation (49 C.F.R. § 190.223), for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

### **WARNING ITEMS**

With respect to Items 1, 2, and 3, the Notice alleged probable violations of Part 195 but did not propose a civil penalty or compliance order for these items. Therefore, these are considered to be warning items. The warnings were for:

49 C.F.R. § 195.49 (**Item 1**) — Respondent's alleged failure to submit complete annual reports to PHMSA;

49 C.F.R. § 195.402(c)(13) (**Item 2**) — Respondent's alleged failure to prepare and follow procedures regarding periodically reviewing work done by operator personnel to determine effectiveness of the procedures and taking corrective action when deficiencies are found; and

49 C.F.R. § 195.440(i) (**Item 3**) — Respondent's alleged failure to evaluate its Public Awareness Program and provide its program evaluation results to PHMSA for periodic review.

If OPS finds a violation of any of these items in a subsequent inspection, Respondent may be subject to future enforcement action.

Under 49 C.F.R. § 190.243, Respondent may submit a Petition for Reconsideration of this Final Order to the Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2<sup>nd</sup> Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address, no later than 20 days after receipt of service of this Final Order by Respondent. Any petition submitted must contain a statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. The terms of the order, including corrective action, remain in effect unless the Associate Administrator, upon request, grants a stay.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

September 12, 2019

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Alan K. Mayberry  
Associate Administrator  
for Pipeline Safety

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Date Issued