

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 8, 2019

Melissa Logan
Regulatory Manager
Talos Energy, LLC
500 Dallas Street
Houston, Texas 77002

CPF-4-2019-5009M

Dear Ms. Logan:

From July 31, 2017 to October 19, 2017, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Talos Energy, LLC (Talos) procedures for the Main Pass 72A offshore liquid platform.

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

1. §195.402 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to ensure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted

Throughout the Talos Operation & Maintenance Manual the procedures replicate, paraphrase and reference the regulations. The procedures need to provide specific detail, unique to Talos, discussing how they will safely complete the process in order to satisfy the requirements of §195.402(a).

The following procedures in the Talos Operations & Maintenance Manual need to be amended to include the necessary provisions to comply with the code sections as intended:

1. **Section 1 Introduction**, parrots the code and lacks the specificity necessary to comply with §195.402(c)(13);
2. **Section 3.2 Startup and Section 3.3 Shutdown**, parrots the code and does not discuss starting up and shutting down a pipeline in enough detail to satisfy §195.402(c)(7);
3. **Section 13 Abnormal Operations**, parrots the code, references the previous operator, and does not discuss the following items in enough detail to satisfy §195.402(d); responding to, investigating and correcting abnormal operating conditions, follow up monitoring, correcting variations from normal operation, accurately listing appropriate personnel to notify, and periodically reviewing the response of operator personnel to determine the effectiveness of responding to abnormal operations;
4. **Section 14.1 Safety Related Condition**, parrots the code and lacks the specificity necessary to comply with §195.402(f);
5. **Section 16 Welder Qualifications**, parrots the code and does not discuss the following items in enough detail to satisfy §195.214, §195.222(a), §195.226(a), and §195.234(c); using a qualified welding procedure, qualifying tests, qualifying welders, arc burns and ground wires, and non-destructive testing of welding;
6. **Section 18 Damage Prevention**, incorrectly labels the Facility Supervisor position and lacks the specificity necessary to comply with §195.402(c)(12); and
7. **Section 19 Emergency Response Plans**, parrots the code and does not discuss the following items in enough detail to satisfy §195.402(c)(5), §195.402(e), §195.403(a), §195.403(b); receiving, identifying and classifying Notices of Events, response guidelines, emergency shutdown or pressure reduction, controlling spills to minimize possible ignition, minimizing public exposure to injury, characteristics and hazards of hazardous liquids transported, conditions that are likely to cause emergencies, steps necessary to control a release of hazardous liquid, types, sizes and consequences of fire and appropriate response, review of emergency response personnel performance, and training of supervisors on emergency response procedures.

Talos must amend its processes and procedures to adequately describe the requirements for the procedures listed above and to ensure compliance with §195.402(a).

2. §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.

Throughout the Talos Operation & Maintenance Manual the procedures replicate, paraphrase and reference the regulations. The procedures need to provide specific detail, unique to Talos, discussing how they will safely complete the process in order to satisfy the requirements of §195.402(c)(3)

The following procedures in the Talos Operations & Maintenance Manual need to be amended to include the necessary provisions to comply with the code sections as intended:

1. **Section 4.4 Record Retention**, parrots the code and does not discuss maintaining pump station operating records and the retention of maps and records of cathodic systems in sufficient detail to satisfy §195.404(b) and §195.589(a);
2. **Section 8.1 Scraper & Sphere Facilities**, parrots the code and fails to discuss safety devices on scraper and sphere facilities in sufficient detail to satisfy §195.426;
3. **Section 9.1 Maximum Operating Pressure**, does not discuss the establishment of Maximum Operating Pressure in sufficient detail to satisfy §195.406(a);
4. **Section 10 Corrosion Control**, parrots the code and does not discuss the following items in enough detail to satisfy §195.561, §195.571, §195.573, §195.575(a), §195.577(a), §195.579, §195.581(a) §195.583(a), §195.585(a) and §195.587; repair of exposed pipe, corrosion monitoring criteria, where and how corrosion testing is done, correction of identified corrosion deficiencies, electrical isolation of submerged pipelines, testing for and responding to stray currents, investigating and remediating internal corrosion, corrosion inhibitor testing, examining removed pipe, inspecting aboveground pipelines for atmospheric corrosion, repairing and replacing externally corroded pipe, and evaluating remaining strength of internally and externally corroded pipe;
5. **Section 11.1 Valve Inspections and Section 11.2 Valve Inspection Procedure**, parrots the code and fails to discuss valve maintenance in sufficient detail to satisfy §195.420(a); and
6. **Section 17.1 Testing Requirements**, parrots the code and fails to discuss pressure testing in enough detail to satisfy §195.302(b).

Talos must amend its process and procedures to adequately describe the requirements for the procedures listed above and to ensure compliance with §195.402(c)(3).

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. 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).

Following the receipt of this Notice, you have 30 days to submit written comments, revised procedures, or a request for a hearing under §190.211. 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 an Order Directing Amendment. If 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. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 90 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 Talos Energy, 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 Mary McDaniel, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF-4-2019-5009M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Mary L. McDaniel, P.E.
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration

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