



1615 Poydras Street, Suite 830
New Orleans, LA 70112
Ph-504-267-9138, Fax-504-267-9139

March 10, 2020

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

Subject: Plan of Correction
CPF 4-2020-7003
Energy XXI

Dear Ms. McDaniel –

Cox Operating, LLC is submitting this letter to your office to update the Pipeline Safety Division on Cox Operating's progress for resolution of the Energy XXI alleged violations from CPF 4-2020-7003.

Item No 1

Description: §195.402 Procedural manual for operations, maintenance, and emergencies.

Requirement: (e) Emergencies. The manual required by paragraph (a) of this section must include procedures for the following to provide safety when an emergency condition occurs:

(9) Providing for a post-accident review of employee activities to determine whether the procedures were effective in each emergency and taking corrective action where deficiencies are found.

Comment: Energy XXI Pipeline, LLC, (Energy XXI) failed to conduct a post-accident review of employee activities to determine whether its written procedures were effective following an accident that occurred on October 14, 2017.

Energy XXI personnel provided PHMSA with its accident report from an accident that occurred following Hurricane Nate on October 14, 2017. The post-accident review sections had not been completed except for notes to reference a report from a contractor that worked for Energy XXI. The contractor's report also did not contain a post-accident review



1615 Poydras Street, Suite 830
New Orleans, LA 70112
Ph-504-267-9138, Fax-504-267-9139

and Energy XXI personnel could provide no other evidence that a review had been conducted.

Cox Response: In order to comply with 195.402(e)(9) Cox retroactively conducted a post-accident review of employee activities to determine whether the procedures were effective. Based on the current Cox procedure the employee response is determined to be sufficient.

NOTE - The line in question has since been transferred to DOI status and is no longer included in the Cox PHMSA regulated assets.

Item No 2

Description: §195.452 Pipeline integrity management in high consequence areas.

Requirement: (f) What are the elements of an integrity management program? An integrity management program begins with the initial framework. An operator must continually change the program to reflect operating experience, conclusions drawn from results of the integrity assessments, and other maintenance and surveillance data, and evaluation of consequences of a failure on the high consequence area. An operator must include, at minimum, each of the following elements in its written integrity management program:

(1) A process for identifying which pipeline segments could affect a high consequence area;

Comment: Energy XXI failed to properly identify all pipeline segments that could affect a high consequence area (HCA).

Energy XXI's written Integrity Management Plan entitled Pipeline Integrity Management Plan contains a process for identifying offshore segments that could affect an HCA via water transport analysis, but the process fails to consider releases which occur in the waters between the coastline and the Outer Continental Shelf. Energy XXI provided PHMSA with current HCA maps of its pipeline segments which showed that no HCA segments were identified in these areas and Energy XXI personnel could not provide evidence that these areas had been considered.

Cox Response: Cox has contracted a third party to properly identify all pipeline segments that could affect a high consequence area. The analysis is in progress and expected to be complete by August 31st, 2020.

Item No 3



1615 Poydras Street, Suite 830
New Orleans, LA 70112
Ph-504-267-9138, Fax-504-267-9139

Description: §195.452 Pipeline integrity management in high consequence areas.

Requirement: (f) What are the elements of an integrity management program? An integrity management program begins with the initial framework. An operator must continually change the program to reflect operating experience, conclusions drawn from results of the integrity assessments, and other maintenance and surveillance data, and evaluation of consequences of a failure on the high consequence area. An operator must include, at minimum, each of the following elements in its written integrity management program:

(6) Identification of preventive and mitigative measures to protect the high consequence area (see paragraph (i) of this section);

Comment: Energy XXI failed to identify preventive and mitigative measures to protect its pipeline segments that could affect high consequence areas.

Energy XXI personnel were unable to provide PHMSA with records of risk evaluations or necessary preventive and mitigative measures on requested pipeline segments. A risk evaluation record was only located for one segment, but the form was incomplete and not signed by the manager as required.

Cox Comment: Cox has contracted a third party to identify preventive and mitigative measures to protect its pipeline segments that could affect high consequence areas. The analysis is in progress and expected to be complete by August 31st, 2020.

Item No 4

Description: §195.452 Pipeline integrity management in high consequence areas.

Requirement: (j) What is a continual process of evaluation and assessment to maintain a pipeline's integrity?

(1) General. After completing the baseline integrity assessment, an operator must continue to assess the line pipe at specified intervals and periodically evaluate the integrity of each pipeline segment that could affect a high consequence area.



1615 Poydras Street, Suite 830
New Orleans, LA 70112
Ph-504-267-9138, Fax-504-267-9139

Comment: Energy XXI failed to assess the line pipe on its South Timbalier 63A to Fourchon segment at specified intervals in accordance with its integrity management plan.

Energy XXI set an assessment deadline of July 4, 2017 for its South Timbalier 63A to Fourchon segment in accordance with its written Integrity Management Plan. Records provided to PHMSA show that this assessment was not conducted until May 2, 2019, 667 days after the deadline. Energy XXI personnel could provide no documentation explaining this delay, and no notification of it was made to PHMSA.

Cox Response: Cox will review its Integrity Management Plan to ensure all assessments are conducted on time in accordance with §195.452.

Item No 5

Description: §195.583 What must I do to monitor atmospheric corrosion control?

Requirement: (c) If you find atmospheric corrosion during an inspection, you must provide protection against the corrosion as required by §195.581. (e)

Comment: Energy XXI failed to provide protection against corrosion when atmospheric corrosion was identified during an inspection.

The PHMSA inspector observed active atmospheric corrosion at two locations on Energy XXI pipelines in Port Fourchon, Louisiana and on East Timbalier Island, Louisiana. Atmospheric corrosion inspection records provided to PHMSA indicate that the corrosion in Port Fourchon was first documented in 2016 and the corrosion on East Timbalier Island was first documented in 2017. Energy XXI attempted to remediate the corrosion in Port Fourchon 2017, but the new coating had failed by 2019. Energy XXI could not provide evidence that any action was taken to remediate the corrosion on East Timbalier Island.

Cox Response: Cox is currently reviewing the profitability of the platforms that flow into the Energy XXI pipelines in Port Fourchon, Louisiana and on East Timbalier Island, to determine if these assets will stay active or be shut in and abandoned due to the current price of oil. If the assets stay active, Cox will have a third party review the atmospheric corrosion and determine what remediation's will need to be completed. Cox will have the determination of the asset completed by August 31st, 2020.



1615 Poydras Street, Suite 830
New Orleans, LA 70112
Ph-504-267-9138, Fax-504-267-9139

Cox is committed to full compliance with the Administrations rules and appreciates your consideration in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Rodney Dykes". The signature is fluid and cursive, written over a light background.

Rodney Dykes
Chief Operating Officer
Cox Operating, LLC