

January 4, 2021

**VIA ELECTRONIC MAIL TO: mrowland@3cmidstream.com**

Mr. Matthew Rowland  
President and Chief Executive Officer  
Third Coast Midstream Holdings, LLC  
1501 McKinney Street, Suite 800  
Houston, Texas 77010

**Re: CPF No. 4-2020-7004**

Dear Mr. Rowland:

Enclosed please find the Final Order issued in the above-referenced case. It withdraws an allegation of violation, makes other findings of violation and specifies actions that need to be taken by your operating entity, High Point Gas Gathering, 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 electronic mail is effective upon the date of transmission 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  
Mr. Lawrence Rearick, Director, Pipeline Integrity, High Point Gas Gathering, LLC,  
lrearick@3cmidstream.com  
Mr. Kevin Stanley, Senior Manager, EHS, High Point Gas Gathering, LLC,  
kstanley@3cmidstream.com

**CONFIRMATION OF RECEIPT REQUESTED**

**U.S. DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
OFFICE OF PIPELINE SAFETY  
WASHINGTON, D.C. 20590**

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<b>In the Matter of</b>	)	
	)	
<b>Third Coast Midstream Holdings, LLC,</b>	)	<b>CPF No. 4-2020-7004</b>
<b>d.b.a. High Point Gas Gathering, LLC,</b>	)	
	)	
<b>Respondent.</b>	)	
	)	

**FINAL ORDER**

From May 13, 2019, through May 15, 2019, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of High Point Gas Gathering, LLC’s (High Point or Respondent) 10-inch crude pipeline from Viosca Knoll-817 production platform to the Main Pass-290 platform in the Gulf of Mexico. High Point is an operating entity of Third Coast Midstream Holdings, LLC.<sup>1</sup>

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated April 24, 2020, a Notice of Probable Violation and Proposed Compliance Order (Notice), which also included a warning pursuant to 49 C.F.R. § 190.205. In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that High Point had committed three violations of 49 C.F.R. Part 195 and proposed ordering Respondent to take certain measures to correct the alleged violations. The warning item required no further action but warned the operator to correct the probable violation or face possible future enforcement action.

High Point responded to the Notice by letter dated June 11, 2020 (Response). The company contested one of the allegations and submitted additional records in response to the Notice. Respondent did not request a hearing and therefore has waived its right to one.

**FINDINGS OF VIOLATION**

The Notice alleged that Respondent violated 49 C.F.R. Part 195, as follows:

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<sup>1</sup> Third Coast Midstream website, *Third Coast Midstream's W9 Forms for Our Operating Entities*, available at <https://www.3cmidstream.com/customer-resources.html> (last accessed November 15, 2020).

**Item 2:** The Notice alleged that Respondent violated 49 C.F.R. § 195.402(c)(13), which states:

**§ 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 insure that the manual is effective....

(b) ....

(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:

(1) ....

(13) Periodically reviewing the work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found.

The Notice alleged that Respondent violated 49 C.F.R. § 195.402(c)(13) by failing to periodically review the work performed by its operating personnel to determine the effectiveness of its Operation and Maintenance (O&M) procedures and take corrective action where deficiencies are found. Specifically, the Notice alleged that High Point failed to provide any records to demonstrate that it periodically reviewed the work of Local Operations Supervision, AMID Training personnel, third parties, and others designated by its O&M procedures to determine compliance and effectiveness since 2017.

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. § 195.402(c)(13) by failing to periodically review the work performed by its operating personnel to determine the effectiveness of its O&M procedures and take corrective action where deficiencies are found.

**Item 3:** The Notice alleged that Respondent violated 49 C.F.R. § 195.573(a)(1), which states:

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

(a) *Protected pipelines.* You must do the following to determine whether cathodic protection required by this subpart complies with §195.571:

(1) Conduct tests on the protected pipeline at least once each calendar year, but with intervals not exceeding 15 months. However, if tests at those intervals are impractical for separately protected short sections of bare or ineffectively coated pipelines, testing may be done at least once every 3 calendar years, but with intervals not exceeding 39 months.

The Notice alleged that Respondent violated 49 C.F.R. § 195.573(a)(1) by failing to conduct an annual cathodic protection (CP) survey on its 10-inch offshore crude pipelines at Viosca Knoll-817 to Main Pass-290 at least once each calendar year, but with intervals not exceeding 15

months to ensure that the pipeline is protected. Specifically, the Notice alleged that High Point provided CP survey reports for 2016 and 2017 performed by the previous operator, Genesis Offshore Holdings, but stated that a CP survey was not performed in 2018.

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. § 195.573(a)(1) by failing to conduct an annual CP survey on its 10-inch offshore crude pipelines at Viosca Knoll-817 to Main Pass-290 at least once each calendar year, but with intervals not exceeding 15 months to ensure that the pipeline is protected.

**Item 4:** The Notice alleged that Respondent violated 49 C.F.R. § 195.583(a), which states:

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

(a) You must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:

<b>If the pipeline is located:</b>	<b>Then the frequency of inspection is:</b>
Onshore	At least once every 3 calendar years, but with intervals not exceeding 39 months
Offshore	At least once each calendar year, but with intervals not exceeding 15 months

The Notice alleged that Respondent violated 49 C.F.R. § 195.583(a) by failing to inspect exposed portions of its 10-inch offshore crude pipelines from Viosca Knoll-817 to Main Pass-290 for evidence of atmospheric corrosion (A/C) at least once each calendar year, with intervals not to exceed 15 months. Specifically, the Notice alleged that High Point's written procedure, *OM-195 – 14.5 Atmospheric Corrosion Rev. 1 Eff 09/04/2018, section 14.5.0 2.a. ii. Monitoring for Atmospheric Corrosion*, required pipelines located offshore to be inspected for evidence of atmospheric corrosion at least once each calendar year, but with intervals not exceeding 15 months. In addition, the Notice alleged High Point's written procedure required personnel to record atmospheric corrosion inspections. Yet, the Notice alleged, when the PHMSA inspector requested A/C inspections for 2016, 2017, and 2018, High Point only provided A/C inspections performed in 2016 and 2017 by the previous operator, Genesis Offshore, and stated that an A/C inspection was not performed on the system for calendar year 2018.

In its Response, High Point contested this allegation of violation. High Point stated that its 2018 A/C inspection records were subsequently located and provided its 2018 *Piping Inspection Report*. The Director contended the *Piping Inspection Report* documentation does not demonstrate compliance with § 195.583(a) but did not explain the reason. Based on my review of the record, I find that the record demonstrates Respondent inspected the pipeline for evidence of atmospheric corrosion. The *Piping Inspection Report* includes 25 data points where metal loss was measured; notations for inactive pitting; a map of inactive pitting and light active external corrosion; and several pictures. Accordingly, after considering all of the evidence, I find that High Point inspected the exposed portions of its 10-inch offshore crude pipeline from Viosca Knoll-817 to Main Pass-290 for

evidence of A/C in December 2018. Based upon the foregoing, I hereby order that Item 4 be withdrawn.

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 2, 3, and 4 in the Notice for violations of 49 C.F.R. §§ 195.402(c)(13), 195.573(a)(1), and 195.583(a), 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. The Director has indicated that Respondent has taken the following actions to address one of the cited violations:

1. With respect to the violation of § 195.573(a)(1) (**Item 3**), Respondent provided records demonstrating that it conducted an annual CP survey on its 10-inch offshore crude pipeline at Viosca Knoll-817 to Main Pass-290 on June 14, 2019, and the CP reading was within criteria. Accordingly, I find that compliance has been achieved with respect to this violation.

With respect to the alleged violation of § 195.583(a) (**Item 4**), this Item and the proposed compliance order items are withdrawn. Therefore, the compliance terms proposed in the Notice for Items 3 and 4 are not included in this Order.

As for the remaining compliance terms, 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 § 195.402(c)(13) (**Item 2**), Respondent must conduct a review for work done by operating personnel to determine the effectiveness and adequacy of its O&M procedures.
2. All documentation demonstrating compliance must be submitted to the Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration, 8701 South Gessner, Suite 630, Houston, Texas 77074 for review within 120 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 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 ITEM**

With respect to Item 1, the Notice alleged probable violation of Part 195, but identified it as a warning item pursuant to § 190.205. The warning was for:

49 C.F.R. § 195.49 (**Item 1**) – Respondent’s alleged failure to complete and submit its DOT Form PHMSA F 7000-1.1 (Annual Report) for the 6.145 miles of crude oil pipeline for calendar years 2017 and 2018 within the required time frames.

If OPS finds a violation of this provision 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.

January 4, 2021

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Alan K. Mayberry  
Associate Administrator  
for Pipeline Safety

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Date Issued