



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

8701 S. Gessner Rd, Suite 630
Houston, Texas 77074

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

ELECTRONIC MAIL- RETURN RECEIPT REQUESTED

April 24, 2020

Matthew Rowland
President & CEO
High Point Gas Gathering, LLC
2103 City West Blvd. Bldg. 4, Suite 700
Houston, Texas 77042

CPF 4-2020-7004

Dear Mr. Kelly:

On May 13-15, 2019, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected your 10" crude pipelines from Viosca Knoll-817 to Main Pass-290 in the Gulf of Mexico.

As a result of the inspection, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

1. §195.49 Annual report.

Each operator must annually complete and submit DOT Form PHMSA F 7000-1.1 for each type of hazardous liquid pipeline facility operated at the end of the previous year. An operator must submit the annual report by June 15 each year, except that for the 2010 reporting year the report must be submitted by August 15, 2011. A separate report is required for crude oil, HVL (including anhydrous ammonia), petroleum products, carbon dioxide pipelines, and fuel grade ethanol pipelines. For each state a traverse, an operator must separately complete those sections on the form requiring information to be reported for each state.

High Point Gas Gathering, LLC (HPGG) failed 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 as required by § 195.49.

HPGG submitted the 2017 annual report on May 5, 2019 and the 2018 annual report on May 13, 2019.

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:

(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.

HPGG failed to periodically review the work performed by its operating personnel to evaluate the effectiveness of the Operation and Maintenance (O&M) procedures as required by § 195.402(c)(13).

HPGG's written procedure *OM-195 – 8.8 Periodic Review of Work Done by Personnel-Rev.1 Eff. 09/04/18* requires Local Operations Supervision, AMID Training personnel, third party, or others designated by Operations Management to annually review the work done by operator personnel to determine the effectiveness of the procedures used in normal O&M and take corrective action where deficiencies are found.

During the inspection, HPGG failed to provide any records to demonstrate that its procedures were periodically reviewed to determine compliance and effectiveness since the acquisition in 2017.

3. §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.

HPGG failed to conduct an annual cathodic protection (CP) survey on its 10” 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.

HPGG’s written procedure *OM-195 – 14.3 External Corrosion Rev. 1 Eff. 09/04/2018*, section 14.3.9a, requires tests to be conducted on the protected pipeline at least once each calendar year, but with intervals not exceeding 15 months.

During the inspection PHMSA requested CP survey reports for the system for the past three years. HPGG provided CP survey reports for year calendar years 2016 and 2017 performed by Genesis Offshore Holdings, the previous operator. HPGG stated that a CP survey was not performed on the systems for calendar year 2018.

4. §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:

If the pipeline is located:	Then the frequency of inspection is:
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.

HPGG failed to inspect exposed portions of its 10” offshore crude pipelines from Viosca Knoll-817 to Main Pass-290 for evidence of atmospheric corrosion within a calendar year not to exceed 15 months.

HPGG’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*, requires pipelines located offshore to be inspected for evidence of atmospheric corrosion at least once each calendar year, but with intervals not exceeding 15 months. Additionally, HPG’s written procedure requires AMID personnel to record atmospheric corrosion inspections.

During the inspection PHMSA requested Atmospheric Corrosion Inspection Reports for the system for the past three years. HPGG provided Atmospheric Corrosion Inspection report for calendar years 2016, and 2017, which were performed by Genesis Offshore Holdings, the previous operator. HPGG stated that an atmospheric corrosion inspection was not performed on the system for calendar year 2018.

Proposed Compliance Order

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

With respect to items 2, 3, and 4 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to High Point Gas Gathering, LLC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Items

With respect to item 1, we have reviewed the circumstances and supporting documents involved in this case and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to promptly correct this item. Failure to do so may result in additional enforcement action.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement 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, or request a hearing under 49 CFR § 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 a Final Order. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 4-2020-7004** 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

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to High Point Gas Gathering, LLC, (HPGG) a Compliance Order incorporating the following remedial requirements to ensure the compliance of HPGG with the pipeline safety regulations:

1. In regard to Item Number 2 of the Notice pertaining to HPGG's failure to periodically review the work performed by operating personnel to evaluate the effectiveness of its O&M procedures in accordance with the standards required within § 195.402(c)(13), HPGG must:
 - a. Conduct a review for work done by operating personnel to determine the effectiveness and adequacy of those procedures within the O&M manual.
 - b. 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.
2. In regard to Item Number 3 of the Notice pertaining to HPGG's failure to conduct an annual cathodic protection survey on its 10" crude pipelines at least once each calendar year, but with intervals not exceeding 15 months during calendar year 2018 to ensure that the pipeline is protected in accordance with the standards required within § 195.573(a)(1). HPGG must:
 - a. Conduct a cathodic protection survey of its 10" protected crude pipelines from Viosca Knoll-817 to Main Pass-290, and correct any identified deficiency in corrosion control as required by § 195.573(e).
 - b. 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 30 days of receipt of the Final Order.
3. In regard to Item Number 4 of the Notice pertaining to HPGG's failure to inspect exposed portions of its 10" crude pipelines at least once each calendar year, but with intervals not exceeding 15 months during calendar year 2018 to ensure that the pipeline is protected in accordance with the standards required within § 195.583(a). HPGG must:
 - a. Conduct an atmospheric corrosion inspection on its 10" crude pipelines from Viosca Knoll-817 to Main Pass-290, and correct any identified deficiencies as required by § 195.583(c).
 - b. 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 30 days of receipt of the Final Order.

4. It is requested (not mandated) that HPGG maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Mary McDaniel, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. 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.