

**NOTICE OF  
PROPOSED COMPLIANCE ORDER**

**ELECTRONIC MAIL - RETURN RECEIPT REQUESTED**

June 9, 2020

Richard Kirkland  
Chief Executive Officer  
Cantium, LLC  
111 Park Place Drive, Suite 100  
Covington, Louisiana 70433

**CPF 4-2020-7006**

Dear Mr. Kirkland:

From August 26 through 30, 2019, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Cantium, LLC, (Cantium) procedures of its crude oil system in Bay Marchand, Port Fourchon, and Main Pass-42D 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. §194.101 Operators required to submit plans.**

**(a) Except as provided in paragraph (b) of this section, unless OPS grants a request from an Federal On-Scene Coordinator (FOSC) to require an operator of a pipeline in paragraph (b) to submit a response plan, each operator of an onshore pipeline facility shall prepare and submit a response plan to PHMSA as provided in §194.119. A pipeline which does not meet the criteria for significant and substantial harm as defined in §194.103(c) and is not eligible for an exception under §194.101(b), can be expected to cause substantial harm. Operators of substantial harm pipeline facilities must prepare and submit plans to PHMSA for review.**

Cantium failed to submit its Gulf of Mexico (GOM) Regional Oil Spill Response Plan to PHMSA in accordance with § 194.101(a) for review. Cantium operates four pipelines (Segments 8684, 14470, 0148, 18313) that are located offshore in State waters inside a designed Unusually Sensitive Ecological Area.

Cantium submitted a GOM Regional Oil Spill Response Plan dated August 2017 to the Bureau of Safety and Environment Enforcement; however, it did not submit the plan to PHMSA as required.

2. **§195.452 Pipeline integrity management in high consequence areas.**

**(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...**

Cantium's Integrity Management Plan (IMP) does not include a process for identifying which pipeline segments could affect a high consequence area (HCA). Cantium's Operations and Maintenance (O&M) manual (Rev. 8/2019) Section 1.6, Integrity Management Program, states that "At this time Cantium does not have any pipelines that fall under the IMP rules." Cantium indicated it has hired a consultant to perform an HCA analysis on these areas, but the report has not yet been finalized.

Cantium provided documentation dated September 2006 from Chevron (the previous operator) about HCA Risk Index Score Liquid Offshore Segments and an HCA overview map. The overview map indicated that a portion of the system appears to be within an Ecologically Sensitive Area, which makes this area an Unusually Sensitive Areas under § 195.6(b). Section 195.450, the definition of a HCA includes unusually sensitive areas. The map provided also matches with National Pipeline Mapping System data that shows also the HCA around the pipeline system (Segments 14470, and ST0149).

3. **§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>
<b>Onshore</b>	<b>At least once every 3 calendar years, but with intervals not exceeding 39 months.</b>
<b>Offshore</b>	<b>At least once each calendar year, but with intervals not exceeding 15 months.</b>

Cantium failed to inspect each pipeline or portion of its offshore pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion at least once each calendar year, but with intervals not exceeding 15 months as required by § 195.583.

Cantium's O&M manual (Rev. 8/2019) Section 10.8, Atmospheric Corrosion, requires monitoring and inspection of its exposed pipelines for evidence of atmospheric corrosion and the use of Form-9 Atmospheric Corrosion Survey to record the DOT required inspection.

During the inspection, the PHMSA inspector requested Atmospheric Corrosion Inspection records for the offshore segments of the system (BM-3, GI-37R, MP-42D).

Cantium failed to provide any records, specifically Form-9, to show that the pipelines had been inspected for atmospheric corrosion. While Cantium provided records of an inspection performed by a third party contractor hired by Cantium, the inspection did not include the transmission piping regulated by PHMSA. Also, during the field inspection, the PHMSA inspector noted some atmospheric corrosion and paint chips on GI-37, and BM-3 (K&M) that needed to be evaluated by the operator.

#### Proposed Compliance Order

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 1, 2, and 3 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Cantium, LLC. Please refer to the Proposed Compliance Order, which is enclosed and made a part of this Notice.

#### 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 4-2020-7006** 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 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Cantium, LLC a Compliance Order incorporating the following remedial requirements to ensure the compliance of Cantium, LLC, with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to Cantium's failure to submit its GOM Regional Oil Spill Response Plan to PHMSA for review in accordance with the standards required within § 194.101(a), Cantium must:
  - a. Submit the latest revision of its GOM Regional Oil Spill Response Plan to PHMSA for review. Copies of the response plan shall be submitted to: Office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, Department of Transportation, 1200 New Jersey Avenue, SE, Washington, DC 20590-0001.
  - b. All documentation demonstrating compliance with item 1(a) above 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 2 of the Notice pertaining to Cantium's failure to comply with the regulation as its Integrity Management (IM) Program did not include a process for identifying which pipeline segments could affect a high consequence area (HCA). Cantium must:
  - a. Develop, perform, and implement process for identifying which pipeline segments could affect a high consequence area to ensure compliance with §195.452(f)(1).
  - b. All documentation demonstrating compliance with item 2(a) above 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.
3. In regard to Item Number 3 of the Notice pertaining to Cantium's failure to perform an adequate inspection of portions of its off shore Pipeline that are exposed to the atmosphere for evidence of atmospheric corrosion. Cantium must:
  - a. Conduct an adequate atmospheric corrosion inspection of the offshore segments of the system BM-3, GI-37R, and MP-42D and mitigate any atmospheric corrosion found as required by § 195.583.
  - b. All documentation demonstrating compliance with item 3(a) above 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.
4. It is requested (not mandated) that Cantium, LLC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Mary L. McDaniel, P.E., Director, Southwest, 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.