



CERTIFIED MAIL – RETURN RECEIPT REQUESTED

January 25, 2022

Mary L. McDaniel
Director, Office of Pipeline Safety
PHMSA Southwest Region
8701 S. Gessner, Suite 630
Houston, TX 77074

Re: CPF 4-2021-067-WL

Dear Ms. McDaniel:

Denbury Green Pipeline-North Dakota LLC (Denbury) is writing in response to the December 16, 2021, Warning Letter, received on December 16, 2021. The Warning Letter listed one (1) probable violation based upon an inspection of Denbury's pipe storage facilities for the Cedar Creek Anticline (CCA) CO2 pipeline construction project, conducted July 6th and 7th, 2021. As was discussed with your staff during the inspection process, Denbury is committed to the safe and compliant operation of its pipelines, and we appreciate your efforts in helping us to achieve this goal. Within this letter, Denbury is providing a response to the one (1) probable violation.

This response is organized in a similar format to the Warning Letter with the item number for the alleged probable violation set forth in bold text below with the Denbury response immediately following.

Item 1. §195.202 – Compliance with specifications.

Denbury failed to construct its pipeline system in accordance with written comprehensive specifications or standards consistent with Part 195. Specifically, Denbury failed to follow its *Construction Standards, Below Grade Pipe Coatings, C1080 (Revised 2013-08-01)*, during the construction of its CCA Project.

... Specifically, Section 2.4 states, "To prevent damage and loss of product, coating materials shall be transported, handled, and stored per Manufacturer's recommendations. All coating material shall be stored in a clean, dry location and in a manner to protect them from contact with the ground and moisture. All coating material will be shielded from direct sunlight when not in use."

Denbury Disputes this item. Denbury's Construction Standard C1080 addresses pipeline coatings applied by the Pipeline Construction Contractor in the field, not mill applied FBE or similar. Per this standard, once the contractor receives coated pipe from Denbury, the contractor will repair any existing flaws/holidays and apply coating to field

welds, valves and fittings, and will ensure the proper handling of the coating materials used in the application. The coating material is the subject of the referenced Section 2.4 (also see Sections 2.3 and 2.5), not the FBE coated pipe. In addition to following the Manufacturer's recommendations, the procedure requires the contractor to keep the coating materials clean, dry, and out of direct sunlight in order to prevent damage and loss of product, prior to the coating material being applied to the pipe. These sections address the proper handling of the raw coating materials, not the mill-applied coated pipe provided to the contractor and as such Denbury disputes the alleged probable violation.

As stated in the Warning Letter, Denbury did have the (mill applied) coating thickness tested prior to Contractor load out/stringing operation and determined that the coating thickness was acceptable. In addition, all the pipe coating was inspected prior to backfill and any repairs required were made in accordance to C1080.

As such we are currently drafting language to be included in our standards to address this issue for future projects.

Denbury appreciates your consideration of the information in this letter. Please do not hesitate to contact me if you have any questions or need additional information.

Sincerely,

David E. Sheppard
Signer ID: MQUWWAJPYN..

David Sheppard
SVP – Operations
Denbury Inc.