

NOTICE OF AMENDMENT

ELECTRONIC MAIL - RETURN RECEIPT REQUESTED

April 8, 2022

Jeffrey W. Gifford
Vice President
Genesis Offshore Holdings, LLC
919 Milam Street, Suite 2100
Houston, Texas 77002

CPF 4-2022-029-NOA

Dear Mr. Gifford:

From March 3, 2021 to October 28, 2021, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Genesis Offshore Holdings, LLC's (Genesis) procedures for construction, integrity management, operations, and maintenance in Houston, Texas.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within the company's procedures, as described below:

1. § 195.308 Testing of tie-ins.

Pipe associated with tie-ins must be pressure tested, either with the section to be tied in or separately.

Genesis' written procedure *Engineering Standards and Specifications, STD.4507, Pipeline Hydrostatic Testing* (Date: 8/2020), is inadequate because it does not address testing of pipe associated with tie-ins, either with the section of pipe to be tied-in or separately in accordance with § 195.308.

Genesis must amend its written *Engineering Standards and Specifications, STD.4507, Pipeline Hydrostatic Testing* procedure to ensure that pipe associated with tie-ins is pressure tested, either with the section of pipe to be tied-in or separately.

2. § 195.452 Pipeline integrity management in high consequence areas

(a)...

(g) *What is an information analysis?* In periodically evaluating the integrity of each pipeline segment (see paragraph (j) of this section), an operator must analyze all available information about the integrity of its entire pipeline and the consequences of a possible failure along the pipeline. Operators must continue to comply with the data integration elements specified in § 195.452(g) that were in effect on October 1, 2018, until October 1, 2022. Operators must begin to integrate all the data elements specified in this section starting October 1, 2020, with all attributes integrated by October 1, 2022. This analysis must:

(1) Integrate information and attributes about the pipeline that include, but are not limited to:

- (i) Pipe diameter, wall thickness, grade, and seam type;
- (ii) ...

(2) Consider information critical to determining the potential for, and preventing, damage due to excavation, including current and planned damage prevention activities, and development or planned development along the pipeline;

(3) Consider how a potential failure would affect high consequence areas, such as location of a water intake.

(4) Identify spatial relationships among anomalous information (*e.g.*, corrosion coincident with foreign line crossings; evidence of pipeline damage where aerial photography shows evidence of encroachment). Storing the information in a geographic information system (GIS), alone, is not sufficient. An operator must analyze for interrelationships among the data.

Genesis' written *Integrity Management Program, IM Procedure 601L, Liquid-Information Analysis Procedure, 1.1.2* (Revision Date: 8/14/2020) is inadequate because it allows for the information analysis to be performed up to and including the day of a scheduled assessment. The procedure states, "The information analysis shall be performed within a two (2) year information analysis period measured prior to the date of scheduled reassessment."

Genesis must amend section 1.1.2 of its IM Procedure 601L to establish an interval for performing information analysis that allows for information analysis to be completed and incorporated into an assessment plan before the scheduled assessment. Specifically, the established interval must allow for any changes to be made to an assessment plan due to new data gathered during the information analysis.

3. § 195.452 Pipeline integrity management in high consequence areas.

(a)...

(h) *What actions must an operator take to address integrity issues?*

(1)...

(2) ***Discovery of condition.*** Discovery of a condition occurs when an operator has adequate information to determine that a condition presenting a potential threat to the integrity of the pipeline exists. An operator must promptly, but no later than 180 days after an assessment, obtain sufficient information about a condition to make that determination, unless the operator can demonstrate the 180-day interval is impracticable. If the operator believes that 180 days are impracticable to make a determination about a condition found during an assessment, the pipeline operator must notify PHMSA in accordance with paragraph (m) of this section and provide an expected date when adequate information will become available.

Genesis' written *Integrity Management Program, IM Procedure 402, ILI Report Analysis Procedure for HCAs* (Revision Date: 8/14/2020) is inadequate because the procedure does not address the requirement prescribed in §195.452(h)(2). Specifically, section 2.2.14 fails to provide for provisions to notify PHMSA when the operator believes 180 days are impractical to determine a condition found during an assessment and provide an expected date when adequate information will become available. Genesis' procedure states, "Discovery of the conditions listed in an ILI Assessment Report occurs on the date that ILI Coordinator has determined the report to be valid. Discovery occurs no later than 180 days after completion of an assessment unless it can be demonstrated that the 180-day period is impracticable. If discovery is to occur later than 180 days after completion of an assessment, this deviation shall be documented".

Genesis must amend its written *Integrity Management Program, IM Procedure 402, ILI Report Analysis Procedure for HCAs, 2.2.14* to include the requirement to notify PHMSA and provide an expected date when adequate information will become available if the operator believes 180 days are impractical to make a determination about a condition found during an assessment.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance 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, revised

procedures, or a request for a hearing under § 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 an Order Directing Amendment. If your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 90 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Genesis maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Mary McDaniel, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 4-2022-029-NOA** 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

Enclosure: *Response Options for Pipeline Operators in Enforcement Proceedings*

cc: John Jewett, Manager – Regulatory Compliance, Genesis, John.jewett@genlp.com