

WARNING LETTER

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

September 15, 2017

Mr. Michael Wracher
Chief Operating Officer
Venoco, Inc.
6267 Carpinteria Ave., Suite 100
Carpinteria, CA 93013

CPF 5-2017-2001W

Dear Mr. Wracher:

On May 30, 2017 to June 1, 2017, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Venoco Inc.'s (Venoco) Offshore Gas Pipeline system connected to its Platform Grace and Carpinteria Onshore Oil and Gas Facility in Carpinteria, California.

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 violation(s) are:

1. **§192.605 Procedural manual for operations, maintenance, and emergencies.**
 - (a) **General.** Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

Venoco did not review and update its manual of written procedures for emergency response at intervals not exceeding 15 months, but at least once each calendar year. Venoco's Santa Clara Unit Oil Spill and Gas Contingency Plan's (dated 12/2016) Record of Revision did not show an annual review for each calendar year in the past 5 years. Calendar years 2013 and 2015 review and update were not documented on the Record of Revision.

2. **§192.947 What records must an operator keep?**

An operator must maintain, for the useful life of the pipeline, records that demonstrate compliance with the requirements of this subpart. At minimum, an operator must maintain the following records for review during an inspection.

 - (d) **Documents to support any decision, analysis and process developed and used to implement and evaluate each element of the baseline assessment plan and integrity management program. Documents include those developed and used in support of any identification, calculation, amendment, modification, justification, deviation and determination made, and any action taken to implement and evaluate any of the program elements.**

Venoco did not maintain, for the useful life of the pipeline, records that demonstrate compliance with §192.935(a). Venoco did not provide records that demonstrated that additional measures have been identified and implemented (or scheduled) beyond those already required by Part 192 to prevent a pipeline failure and to mitigate the consequences of a pipeline failure in a high consequence area. Specifically, Venoco did not provide "Gas Integrity Management Plan (IMP) Element #8, Preventive and Mitigative Measures Agenda and Action Items" for the last 3 calendar years. This document was intended to be used for review and implementation of Element #8 in accordance with Venoco's IMP Element #8 Preventive and Mitigative Measures written procedure.

3. **§192.465 External corrosion control: Monitoring.**
 - (a) **Each pipeline that is under cathodic protection must be tested at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of §192.463. However, if tests at those intervals are impractical for separately protected short sections of mains or transmission lines, not in excess of 100 feet (30 meters), or separately protected service lines, these pipelines may be surveyed on a sampling basis. At least 10 percent of these protected structures, distributed over the entire system**

must be surveyed each calendar year, with a different 10 percent checked each subsequent year, so that the entire system is tested in each 10-year period.

Venoco did not test its Offshore Gas Pipeline system that is under cathodic protection (CP) at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the CP meets the requirements of §192.463. In 2015, the CP test on Platform Grace was conducted on March 28, 2015. Then in 2016, the CP test on Platform Grace was conducted on September 24, 2016. Therefore, the 2016 CP test was late and exceeded the 15-month interval required by §192.465(a).

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists up to a maximum of \$2,090,022 for a related series of violations. 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 correct the items identified in this letter. Failure to do so will result in Venoco, Inc. being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2017-2001W**. 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).

Sincerely,

Kim West
Acting Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 C. Ishikawa (#155480)
Venoco, Inc. 370 17th Street, Suite 3900, Denver, CO 80202-1370