



April 27, 2017

Chris Hoidal
Director, Western Region
Pipeline & Hazardous Materials Safety Administration (PHMSA)
12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

**RE: Notice of Probable Violation and Proposed Compliance Order – CPF 5-2017-7001
Platform Gilda, Gina and Mandalay Onshore Separation Facility (MOSF)**

Dear Mr. Hoidal:

DCOR, LLC (DCOR) submits the following response to a letter from PHMSA dated March 23, 2017 (receipt on March 27, 2017) addressing the probable violations found in the 2016 DOT pipeline inspections at Platform Gilda, Gina and the Mandalay Onshore Separation Facility (MOSF).

Upon further review of the inspection letter and Company operations, our response to each probable violation and corresponding compliance order is as follow:

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.**

DCOR LLC, an operator of an onshore pipeline facility, did not submit a Response Plan to PHMSA as provided in §194.119. At the time of the inspection, the PHMSA inspector learned that DCOR, LLC had an Oil Spill Response Plan prepared in 2012 and approved by the Bureau of Safety and Environmental Enforcement (BSEE), but DCOR, LLC could not provide any records or documentation to demonstrate that its Response Plan was submitted to PHMSA for review and approval, as required by §194.101(a).

PHMSA Compliance Order

In regard to Item 1 of the Notice pertaining to not submitting a Response Plan to PHMSA, DCOR LLC must prepare and submit a Response Plan in accordance with §194.119 within 30 days of the date of the Compliance Order.

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DCOR Corrective Action

BSEE approved the latest revision of the OSRP on September 26, 2016 (see **Attachment 1**) and a CD copy of the plan was sent to the PHMSA inspector on January 12, 2017 and confirmed delivery on January 19, 2017 (see **Attachment 2**).

In 2012, an electronic copy of the approved Oil Spill Response Plan (OSRP) was submitted to BSEE with the expectation the plan will be forwarded to other regulatory agencies, including DOT (see **Attachment 3**). No further correspondence was found between DCOR and BSEE confirming delivery of the OSRP to DOT.

Furthermore, an e-mail correspondence dated August 16, 2016 with the PHMSA regional office in Ontario showed that the OSRP was undergoing its 2-year review and was to be sent concurrently to BSEE and PHMSA for approval (see **Attachment 4**). Due to an administrative error, a draft of the OSRP was not sent to PHMSA for approval.

Although PHMSA require operators to submit the OSRP every 5 years, DCOR will be submitting the OSRP to BSEE and PHMSA every two years for approval (see **Attachment 9**).

The next OSRP review is in 2018.

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2. §195.402 Procedural manual for operations, maintenance, and emergencies

- (a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.**

DCOR LLC did not follow its written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies, i.e. its written Operation, Maintenance & Emergency Plan (OME), in violation of 49 C.F.R. §195.402(a).

The following are specific examples where DCOR, LLC failed to follow its OME:

a) Atmospheric Corrosion Inspection:

DCOR LLC's Procedure HL6.01 'Atmospheric Corrosion', Section 4.4 states in part,

"Pipeline systems or portions thereof, subject to atmospheric corrosion or moisture penetration and retention, shall be inspected to assure detection of corrosion before detrimental damage (Category 3*) according to Form 6.01A, "External Corrosion Test for Aboveground Facilities". If Category 2 or 3 is detected, further investigation may require additional UT reading of pipe wall or new application of coating.

Category 1 indicated light surface area rust; unmeasurable

Category 2 indicates medium surface rust; measurable but not detrimental to integrity (less than 10% of nominal pipe wall thickness loss)

*Category 3 indicates heavy corrosion, obvious pitting in excess of 10% of nominal pipe wall thickness."

DCOR LLC did not follow its inspection procedure to assure detection of corrosion before detrimental damage as outlined above. DCOR, LLC's inspection records for annual atmospheric corrosion conducted on 01/21/2016 for Platform Gilda indicated there were '0' atmospheric corrosion on the 12-inch oil pipeline riser, but at the time of field inspection, the PHMSA inspector observed and photographed that there were: (1) atmospheric corrosion on the pipeline riser, and (2) the valve's hand wheel on the pipeline riser was broken due to atmospheric corrosion. DCOR records did not have any notes regarding the valve's hand wheel consumed by atmospheric corrosion. According to Section 4.4, DCOR LLC should have further investigated these corrosion conditions.

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(b) Flange Installation and Thread Engagement:

After the inspection, on January 17, 2017, DCOR LLC submitted to PHMSA a copy of its flange bolting procedure called '*Flange Bolting Guide*' which states in part,

“Check gap around the circumference between each of these rounds, measured at every other bolt. If the gap is not reasonably uniform around the circumference, make the appropriate adjustment by selective bolt tightening before proceeding.”

DCOR LLC personnel did not follow this flange bolting procedure. During the field inspection, the PHMSA inspector observed and photographed the above-ground flange located at MOSF, and noted that several stud bolts were shorter than other stud bolts, and gap engagements were not reasonably uniform around the circumference. According to its Flange Bolting Guide, DCOR LLC should have made the appropriate adjustment by selective bolt tightening.

PHMSA Compliance Order

In regard to Item 2 of the Notice pertaining to not following a written procedure for conducting normal operations and maintenance activities and handling abnormal operations and emergencies, DCOR, LLC must:

- (a) Conduct an accurate atmospheric corrosion evaluation on pipeline riser and its components located at Platform Gilda. Follow Procedure HL6.01 'Atmospheric Corrosion' and correct the deficiencies found;
- (b) Install a hand wheel on a valve where its hand wheel was consumed by corrosion. Evaluate this valve and exercise if necessary;
- (c) Follow '*Flange Bolting Guide*' and install stud bolts of the same length to the flange where different length of stud bolts was used. Inspect other flange to make sure all stud bolts used have the same length and have uniform gap around the circumference.

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DCOR Corrective Action for 2(a)

To clarify, the valve and riser in question is located on Platform Gilda's gas line, not oil line, as initially stated by the PHMSA letter.

A new form was created; 'Form 6-01B – Offshore', to facilitate the atmospheric corrosion inspection and maintain consistency with Company procedures (see **Attachment 5**).

The valve handle wheel on Platform Gina's gas line was immediately replaced on January 2017. Although not a critical valve, the valve was exercised on March 29, 2017 (see **Attachment 6**) and a follow-up atmospheric corrosion inspection showed atmospheric corrosion on the valve body with no evidence of metal loss.

In January 2017, the Environmental, Safety & Regulatory Compliance (ES&RC) Department conducted an internal investigation of all Company pipeline maintenance inspections. Our investigation concluded that the Company inspection form, 'Form 6.01A', was inadequate and did not correspond to the requirements of DCOR OME G6.01 and HL6.01.



Platform Gina – New Valve Wheel on Gas Riser

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DCOR Corrective Action for 2(b)

In January 2017, the Environmental, Safety & Regulatory Compliance (ES&RC) Department conducted an internal investigation of all Company pipeline maintenance inspections. Our investigation concluded that Company procedures were not followed during installation of Platform Gilda and Gina's receivers in MOSF and a number of incorrect bolts were used for the receivers' flanges.

ES&RC sent a Company-wide pipeline advisory on February 9, 2017, notifying all Foreman and Lead Operators to verify bolt thread engagement on all regulatory pipeline flanges (see **Attachment 7**). Correct flange installation and bolt engagement were added as compliance items to the Planned Guidance Inspection (PGI) as part of the Company's annual internal review process.

Operators at MOSF were counseled on the procedure, 'Flange Bolting Guide', on March 29, 2017 as part of the Company's continual training program.

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3. §195.589 What corrosion control information do I have to maintain?

- (c) You must maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist. You must retain these records for at least 5 years, except that records related to §195.569, 195.573(a) and (b), and 195.579(b)(3) and (c) must be retained for as long as the pipeline remains in service.**

DCOR LLC did not maintain a record of each inspection in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist for its MOSF facility.

At the time of the field inspection, the PHMSA inspector observed and photographed corrosion at the MOSF, and conditions that made it impossible for DCOR LLC to conduct accurate atmospheric corrosion inspections.

On January 20, 2017, the PHMSA inspector requested DCOR LLC's inspection records for conducting atmospheric corrosion inspections on above-ground pipelines facility located at MOSF. On the same day, DCOR LLC e-mailed *Form 6.01A*, which only showed that the pipeline located at Platform Gilda was inspected for atmospheric corrosion, but not on the pipeline facility at MOSF.

DCOR LLC could not provide inspections records to demonstrate that atmospheric corrosion inspections had been done in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist once every 3 calendar years, not to exceed 39 months on aboveground pipeline systems located at MOSF, in violation of §195.589(c).

PHMSA Compliance Order

In regard to Item 3 of the Notice pertaining to not having inspection records to demonstrate that atmospheric corrosion inspections had been done in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist once every 3 calendar years, not to exceed 39 months on aboveground pipeline systems located at MOSF, DCOR LLC must:

- (a) Conduct an atmospheric corrosion evaluation on above-ground pipeline system located at MOSF, Follow Procedure HL6.01 'Atmospheric Corrosion' and correct the deficiencies found;
- (b) Remove the tape wrap on the pipe and its components where it was inadvertently buried and conduct a visual inspection for atmospheric corrosion. Follow Procedure HL6.01 'Atmospheric Corrosion' and correct the deficiencies found;

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- (c) Re-evaluate the design location of the corrosion inhibitors' test point to make sure it is not in contact with the soil. Follow Procedure HL6.01 'Atmospheric Corrosion' and correct the deficiencies found;
- (d) Evaluate the integrity and inspect for corrosion activity on the flange's surface where it had metallic contact with the metal support. Follow Procedure H6.01 'Atmospheric Corrosion' and correct the deficiencies found.

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DCOR Corrective Action for 3(a)

No corrective action needed.

On January 20, 2017, the Environmental, Safety & Regulatory Compliance (ES&RC) Department electronically submitted the following copies of atmospheric corrosion inspections to the PHMSA inspector (see **Attachment 8**):

Form 6.01A – MOSF Gina External Corr Report 05-06-14

Form 6.01A – MOSF Gina External Corr Report 06-13-14

Form 6.01A – Onshore Gina & Gilda MOSF (pig receivers) Ext Corr Test 10-21-16

In these forms, the inspection showed the pipeline system from its initial location, ‘Gina Oil & Gas Pipelines to Mandalay’, to the onshore location located at MOSF:

‘Gina-Shore 6” Gas exposed sections at Mandalay to the pig receiver’

‘Gina-Shore 10” Oil exposed sections at Mandalay to the pig receiver’

Platform Gilda’s incoming oil and gas pipelines at MOSF are adjacent to Platform Gina’s pipelines, which are inspected simultaneously every two years for atmospheric corrosion.

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DCOR Corrective Action for 3(b)

The tape wrap on the Gina oil piping to the MOSF Gross Separator F2 will be removed and inspected once repairs are completed on the incoming Gina pig receivers. An inspection of the exposed piping is scheduled for June 2017.

DCOR will be submitting a remedial atmospheric corrosion report once the inspection has been completed.

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DCOR Corrective Action for 3(c)

Baker Hughes will install a new coupon on the Gina oil piping to the MOSF Gross Separator F2 by the end of July 2017 during its semi-annual inspection. The new location is downstream of the DOT shutdown valve.

The previous coupon will be removed along with the tape wrap of the Gina oil piping by June 2017.



Platform Gina Oil at MOSF – New Corrosion Inhibitor Location

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DCOR Corrective Action for 3(d)

The flange will be inspected by June 2017 as part of the visual inspection for the Gina oil piping to the MOSF Gross Separator F2.

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Should you have any questions or require additional information, please call Jerry Palo Jr. at (805) 535-2088.

Sincerely,



Robert L. Garcia

VP – Operations

Enclosures: Attachment 1 – BSEE Approval Letter of DCOR OSRP, January 9, 2017
Attachment 2 – DCOR-PHMSA e-mail correspondence of DCOR OSRP, January 19, 2017
Attachment 3 – DCOR to BSEE Oil Spill Response Plan, July 18, 2012
Attachment 4 – DCOR-PHMSA e-mail correspondence of DCOR OSRP, August 16, 2016
Attachment 5 – Form 6.01B – OFFSHORE
Attachment 6 – Form 7.01A, Emergency Valve Inspection Report for Platform Gilda, March 29, 2017
Attachment 7 – DCOR Pipeline Advisory, February 9, 2017
Attachment 8 – DCOR-PHMSA e-mail correspondence of Form 6.01A for MOSF, January 20, 2017
Attachment 9 – DCOR 2016 OSRP June 2012, Rev 8-16 (CD copy)

CC: A. Prestridge, S. Knight, D. McDermott, R. Bautista, K. Moschetto, K. McKenzie, J. Palo Jr.

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