

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 16, 2018

Mr. James M. Piccone
President
Resolute Natural Resources Company
1700 Lincoln Street, Suite 2800
Denver, CO 80203

CPF 5-2018-5003W

Dear Mr. Piccone:

On August 1 through 4, and August 24, 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 your Greater Aneth CO2 Pipeline in Cortez, Colorado, and Aneth, Utah.

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. §195.420 Valve maintenance.**
(b) Each operator shall, at intervals not exceeding 7 ½ months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

Resolute Natural Resources Company (RNRC) failed to inspect each mainline valve to determine that it is functioning properly in accordance with §195.420(b). Records available at

the time of inspection, indicated that the maximum 7 ½ months interval was exceeded between June 23, 2016 and February 6, 2017.

2. **§195.420 Valve maintenance.**
(c) Each operator shall provide protection for each valve from unauthorized operation and from vandalism.

During the field inspection of the facility, it was noted that the relief valve at the Hovenweep Skid was found to be unsecured. The relief valve is not in an enclosed or secured area, and no lock or chain was found on the valve.

3. **§195.573 What must I do to monitor external corrosion control?**
(c) Rectifiers and other devices. You must electrically check for proper performance each device in the first column at the frequency stated in the second column.
Rectifier – At least six times each calendar year, but with intervals not exceeding 2 ½ months.

Records available at the time of inspection for rectifier inspections (Hovenweep and Cahone Mesa locations) for September and November of 2016 only documented the month and year of the inspection. Since the day of the inspection was not documented, demonstration that the interval was not exceeded could not be determined, therefore, compliance date for rectifier inspections could not be determined.

4. **§195.404 Maps and records.**
(c) Each operator shall maintain the following records for the periods specified:
(3) A record of each inspection and test required by this subpart shall be maintained for at least 2 years or until the next inspection or test is performed, whichever is longer.

During the inspection of your records of the Operations and Maintenance (O&M) activities, it was noted that RNRC only documented month and year on compliance documents. In order to determine compliance, the month, day, and year must be documented. Therefore, the compliance date for O&M activities could not be determined.

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. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 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 Resolute Natural Resources Company 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 5-2018-5003W**. 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 D. Fehling (#155736)