

WARNING LETTER

VIA E-MAIL TO MR. TODD CANTRALL

April 14, 2021

Mr. Todd Cantrall
VP Operations
Freeport-McMoRan Oil & Gas
11450 Compaq Center Drive West
Building 9, Suite 450
Houston, TX 77070

CPF 5-2021-001-WL

Dear Mr. Cantrall:

During the week of October 26 through 30, 2020, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), performed an inspection of the Freeport-McMoRan Oil & Gas (Freeport-McMoRan) Lompoc Oil & Gas Plant (LOGP) Control Room located in Lompoc, California. This inspection included procedures, records, and observations associated with the Control Room Management Program.

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. § 195.446 - Control room management.

(b) Roles and responsibilities. Each operator must define the roles and responsibilities of a controller during normal, abnormal, and emergency operating conditions. To provide for a controller's prompt and appropriate response to operating conditions, an operator must define each of the following:

(1) ...

(4) A method of recording controller shift-changes and any hand-over of responsibility between controllers.

The records provided by the operator for shift handover and shift changes were for 2016 through the time of the inspection in October 2020. The records indicated PXP as the operator. However, Freeport-McMoRan purchased the assets in 2013. The forms have not been updated for multiple years to reflect the current owner/operator.

The following records were unable to demonstrate compliance based on incomplete documentation:

1. The record dated July 13, 2019, was missing the incoming controller's name, time, and date.
2. The record dated July 19, 2019, was missing the time and date from the incoming controller.
3. The record dated November 28, 2018, (04:50) was missing the outgoing controller's last name, time, date, and the minimum shift change information was not completed.
4. The record dated November 28, 2018, (12:00) was missing the outgoing controller's last name and the minimum shift change information was not completed.
5. The record dated November 27, 2018, was missing the incoming controller's last name, date, and time.
6. The record dated July 23, 2017, was missing the minimum shift change information.
7. The record dated May 11, 2016, was missing the minimum shift change information from page 2.
8. The record dated May 24, 2016, (04:50) was missing the incoming controller's name, date, and time.
9. The record dated May 24, 2016, (16:50) was missing the outgoing controller's name, time, date, and the minimum shift change information was not completed.
10. The record dated May 25, 2016, (04:50) was missing the incoming controller's name, time, and date.
11. The record dated May 25, 2016, (16:40) was missing the incoming controller's name and time.

2. § 195.446 - Control room management.

(c) Provide adequate information. Each operator must provide its controllers with the information, tools, processes and procedures necessary for the controllers to carry out the roles and responsibilities the operator has defined by performing each of the following:

(1) ...

(2) Conduct a point-to-point verification between SCADA displays and related field equipment when field equipment is added or moved and when other changes that affect pipeline safety are made to field equipment or SCADA displays;

LOGP failed to follow their procedure for documenting point-to-point verifications. The form used to document was different than the form required per the procedure. The procedure requires the use of Form 403. However, the records indicated another form was used for documentation. Records for the 2016 Phase I pipeline swap point-to-point verification could not be provided. The operator failed to demonstrate that the point-to-point verification for the 8" crude line from Irene to Valve Site 2, and the 20" crude line from Valve Site West to the LOGP facility was performed.

3. § 195.446 - Control room management.

(c) Provide adequate information. Each operator must provide its controllers with the information, tools, processes and procedures necessary for the controllers to carry out the roles and responsibilities the operator has defined by performing each of the following:

(1) ...

(3) Test and verify an internal communication plan to provide adequate means for manual operation of the pipeline safely, at least once each calendar year, but at intervals not to exceed 15 months;

The records for the 2016 to 2020 internal communications SCADA testing (drills) are confusing and fail to provide how the drill was conducted, what the scenario for the drill included, and consistent documentation. The procedure requires all qualified controllers to sign off on the drill even if they weren't working at the time of the drill. The records fail to follow the process that LOGP verbally described during the inspection.

4. § 195.446 - Control room management.

(d) Fatigue mitigation. Each operator must implement the following methods to reduce the risk associated with controller fatigue that could inhibit a controller's ability to carry out the roles and responsibilities the operator has defined:

(1) ...

(2) Educate controllers and supervisors in fatigue mitigation strategies and how off-duty activities contribute to fatigue;

LOGP failed to follow its procedure for fatigue refresher training. Under the Control Room Management Operating & Maintenance Plan, Section 500 – Fatigue Management, Subsection 505 – Fatigue Education and Annual Review (Revised October 2014), states that training shall be conducted once every year for qualified controllers.

One qualified controller did not complete the refresher training in 2019, to educate controllers in fatigue mitigation strategies and how off duty hours can contribute to fatigue.

5. § 195.446 - Control room management.

(d) *Fatigue mitigation.* Each operator must implement the following methods to reduce the risk associated with controller fatigue that could inhibit a controller's ability to carry out the roles and responsibilities the operator has defined:

(1) ...

(3) Train controllers and supervisors to recognize the effects of fatigue;

LOGP failed to follow its procedure for fatigue refresher training. Under the Control Room Management Operating & Maintenance Plan, Section 500 – Fatigue Management, Subsection 505 – Fatigue Education and Annual Review (Revised October 2014), states that training shall be conducted once every year for qualified controllers.

One qualified controller did not complete the refresher training in 2019. Records indicate the controller failed to complete the training to recognize the effects of fatigue.

6. § 195.446 - Control room management.

(e) *Alarm management.* Each operator using a SCADA system must have a written alarm management plan to provide for effective controller response to alarms. An operator's plan must include provisions to:

(1) ...

(4) Review the alarm management plan required by this paragraph at least once each calendar year, but at intervals not exceeding 15 months, to determine the effectiveness of the plan;

LOGP's procedure for the annual review of the alarm management plan has clear metrics identified that are required during review of the plan. While the annual reviews appear to be have been performed, the records fail to demonstrate how or if the metrics were reviewed to determine the effectiveness of the plan.

7. § 195.446 - Control room management.

(e) *Alarm management.* Each operator using a SCADA system must have a written alarm management plan to provide for effective controller response to alarms. An operator's plan must include provisions to:

(1) ...

(5) Monitor the content and volume of general activity being directed to and required of each controller at least once each calendar year, but at intervals not exceeding 15 months, that will assure controllers have sufficient time to analyze and react to incoming alarms;

Form 610 is used to document the annual review for monitoring the content and general activity for each controller. This form was used from 2016 to 2019. These records are virtually the same for each year. The review appears to consist of copying the notes/comments from the previous

year. No meaningful study or analysis is occurring to monitor the content and volume of general activity being directed to each controller.

8. § 195.446 - Control room management.

(e) Alarm management. Each operator using a SCADA system must have a written alarm management plan to provide for effective controller response to alarms. An operator's plan must include provisions to:

(1) ...

(6) Address deficiencies identified through the implementation of paragraphs (e)(1) through (e)(5) of this section.

LOGP failed to have any records to demonstrate that they addressed any identified deficiencies.

9. § 195.446 - Control room management.

(f) Change management. Each operator must assure that changes that could affect control room operations are coordinated with the control room personnel by performing each of the following:

(1) Implement section 7 of API RP 1168 (incorporated by reference, see § 195.3) for control room management change and require coordination between control room representatives, operator's management, and associated field personnel when planning and implementing physical changes to pipeline equipment or configuration;

No records were provided to demonstrate the controllers were provided with notification and training to assure their ability to safely incorporate Phase 1 & Phase 2 valve projects as follows:

Phase 1 – No records of training or notification were provided.

Phase 2 – LOGP provided a record of training for Phase 2, however, there was no record of the operators being notified prior to the changes being incorporated.

10. § 195.446 - Control room management.

(h) Training. Each operator must establish a controller training program and review the training program content to identify potential improvements at least once each calendar year, but at intervals not to exceed 15 months. An operator's program must provide for training each controller to carry out the roles and responsibilities defined by the operator.

The annual training program and effectiveness review records are almost identical from 2016 to 2019. The same comments appear to have been copied from the previous year. It does not appear that a meaningful review is being performed. Additionally, no records of controller training elements could be provided.

11. § 195.446 - Control room management.

(h) *Training.* Each operator must establish a controller training program and review the training program content to identify potential improvements at least once each calendar year, but at intervals not to exceed 15 months. An operator's program must provide for training each controller to carry out the roles and responsibilities defined by the operator. In addition, the training program must include the following elements:

(1) ...

(6) Control room team training and exercises that include both controllers and other individuals, defined by the operator, who would reasonably be expected to operationally collaborate with controllers (control room personnel) during normal, abnormal or emergency situations. Operators must comply with the team training requirements under this paragraph no later than January 23, 2018.

LOGP's records show that it had not performed any control room team training as required, by the time of the inspection in October 2020.

12. § 195.446 - Control room management.

(j) *Compliance and deviations.* An operator must maintain for review during inspection:

(1) Records that demonstrate compliance with the requirements of this section;

Most of the records provided to demonstrate compliance were vague at best. Many records fail to demonstrate that the procedures were followed. Many records for annual reviews document the same for each section of the review. Meaningful and thorough annual reviews are not occurring. LOGP does not appear to have any quality assurance/quality control processes to ensure that compliance records are completed accurately and fully.

Many records were not readily retrievable and took a long time to be located. Electronic records are not kept in a reasonable structure to readily find records.

13. § 195.446 - Control room management.

(j) *Compliance and deviations.* An operator must maintain for review during inspection:

(1) ...

(2) Documentation to demonstrate that any deviation from the procedures required by this section was necessary for the safe operation of the pipeline facility.

LOGP had one (1) hour of service (HOS) deviation recorded. The deviation occurred on January 31, 2019. However, the deviation wasn't approved by the supervisor until October 31, 2019, nine months after the deviation occurred, and LOGP failed to provide documentation that the deviation was necessary for the safe operation of the pipeline facility.

14. § 195.444 - CPM leak detection.

Each computational pipeline monitoring (CPM) leak detection system installed on a hazardous liquid pipeline transporting liquid in single phase (without gas in the liquid) must comply with API RP 1130 (incorporated by reference, see § 195.3) in operating, maintaining, testing, record keeping, and dispatcher training of the system.

No records were available at the time of the inspection to demonstrate compliance with 195.444, specifically maintenance, and operations.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019 and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022.

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 Freeport-McMoRan Oil & Gas 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 5-2021-001-WL**. 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,

Dustin Hubbard
Director, Western Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 D. Fehling (#20-173099)
Mr. David Rose, Director, Environmental Health & Safety, Freeport-McMoRan Oil & Gas