

WARNING LETTER

VIA ELECTRONIC MAIL TO: jack.stark@clr.com; Patrick.mcgregor@clr.com

May 2, 2022

Jack Stark
President and COO
Continental Resources
20 North Broadway
Oklahoma City, OK 73102

CPF 3-2022-020-WL

Dear Mr. Stark:

From April 27-30, 2021 a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Continental Resources (Continental) records and field assets in Sydney, Montana.

As a result of the inspection, it is alleged that Continental has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

1. **§ 194.107 General response plan requirements.**
 - (a)
 - (c) **Each response plan must include:**
 - (1) **A core plan consisting of—**
 - (ix) **Drill program—an operator will satisfy the requirement for a drill program by following the National Preparedness for Response Exercise Program (PREP) guidelines. An operator choosing not to follow PREP guidelines must have a drill program that is equivalent to PREP. The operator must describe the drill program in the response plan and OPS will determine if the program is equivalent to PREP.**

Continental failed to satisfy the requirements of the PREP Program, or a program equivalent to PREP. During the records inspection, Continental staff stated that they do not have a record of, and did not perform, an unannounced spill response exercise in calendar year 2020.

2. § 195.406 Maximum operating pressure.

(a)

(b) No operator may permit the pressure in a pipeline during surges or other variations from normal operations to exceed 110 percent of the operating pressure limit established under paragraph (a) of this section. Each operator must provide adequate controls and protective equipment to control the pressure within this limit.

Continental did not provide adequate protective equipment to control the pressure during surges or variations from normal operations. During the field inspection, PHMSA staff observed that Continental did not have a means of controlling the pressure within the limits required.

Continental must provide a means of pressure control to protect its pipeline from variations that could exceed 110 percent of the operating pressure established by § 195.406.

3. § 195.573 What must I do to monitor external corrosion control?

(a) Protected pipelines. You must do the following to determine whether cathodic protection required by this subpart complies with §195.571:.

(1) Conduct tests on the protected pipeline at least once each calendar year, but with intervals not exceeding 15 months. However, if tests at those intervals are impractical for separately protected short sections of bare or ineffectively coated pipelines, testing may be done at least once every 4 calendar years, but with intervals not exceeding 39 months.

Continental failed to conduct tests of its cathodic protection system in 2018 and 2019. During the records inspection, PHMSA staff noted the last cathodic protection system inspection was completed on May 21, 2017. Continental, however, is required to complete an inspection of its cathodic protection systems annually, not to exceed 15 months.

4. § 195.573 What must I do to monitor external corrosion control?

(a). . . .

(e) Corrective action. You must correct any identified deficiency in corrosion control as required by §195.401(b). However, if the deficiency involves a pipeline in an integrity management program under §195.452, you must correct the deficiency as required by §195.452(h).

Continental failed to correct deficiencies in its corrosion control system within a reasonable time-frame. At the time of the inspection, Continental had not implemented the recommendations for the correction of deficiencies documented in the 2017 cathodic protection survey.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,142 for a related series of violations. For violation occurring on or after May 3, 2021 and before March 21, 2022, the maximum penalty may not exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not

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 item(s) identified in this letter. Failure to do so will result in Continental Resources, 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 3-2022-020-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,

Gregory A. Ochs
Director, Central Region, OPS
Pipeline and Hazardous Materials Safety Administration

cc: Mr. Patrick McGrew, Senior HSE Specialist, Continental Resources, Inc.
(Patrick.mcgrew@clr.com)