



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

8701 S. Gessner, Suite 630
Houston, TX 77074

**NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
AND
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 4, 2016

Mr. Larry Alexander
President
Crimson Gulf, LLC
263 Trinity Lane
Gray, LA 70359

CPF 4-2016-5007

Dear Mr. Alexander:

On March 2015 to July 2015, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code inspected your procedures, records and offshore pipeline facilities.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

1. §195.55 Reporting Safety-related conditions.

(a) Except as provided in paragraph (b) of this section, each operator shall report in accordance with §195.56 the existence of any of the following safety-related conditions involving pipelines in service:

(2) Unintended movement or abnormal loading of a pipeline by environmental causes, such as an earthquake, landslide, or flood that impairs its serviceability.

Crimson Gulf failed to report in accordance with §195.56 the existence of a safety related condition due to unintended movement that involved their offshore, 12-inch Pompano Pipeline.

Specifically, Crimson Gulf failed to report a safety related condition that occurred when erosion caused their 12-inch Pompano Pipeline to sink, and leaving a portion of the line suspended without adequate support.

Crimson performed an underwater inspection of their 12-inch Pompano Pipeline on January 24, 2013, as shown on their Depth of Cover Survey map. Crimson Gulf's survey indicated the pipeline was at a water depth of ten feet. In May 23, 2014, Crimson Gulf performed another underwater inspection. The survey indicated the pipeline had unintended movement and sank to 15 feet.

2. §195.57 Filing offshore pipeline condition reports.

(a) Each operator shall, within 60 days after completion of the inspection of all its underwater pipelines subject to § 195.413(a), report the following information:

(1) Name and principal address of operator.

(2) Date of report.

(3) Name, job title, and business telephone number of person submitting the report.

(4) Total number of miles (kilometers) of pipeline inspected.

(5) Length and date of installation of each exposed pipeline segment, and location; including, if available, the location according to the Minerals Management Service or state offshore area and block number tract.

(6) Length and date of installation of each pipeline segment, if different from a pipeline segment identified under paragraph (a)(5) of this section, that is a hazard to navigation, and the location; including, if available, the location according to the Minerals Management Service or state offshore area and block number tract.

Crimson Gulf failed to file an offshore pipeline condition report within 60 days after they completed inspection of their underwater 12-inch Pompano Pipeline.

Crimson Gulf performed an underwater inspection of their 12-inch Pompano Pipeline on January 24, 2013 as shown on their Depth of Cover Survey map. Crimson then performed another underwater inspection of their Pompano Pipeline in May 23, 2014 and June 5, 2014. Crimson failed to file their offshore condition reports to PHMSA within 60 days of completing their underwater condition inspection reports on both instances.

3. **§195.402 Procedural Manual for Operations, Maintenance, and Emergencies**
(c) **Maintenance and normal operations.** The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:
(13) **Periodically reviewing the work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found.**

Crimson Gulf did not have procedures for periodically reviewing the work done by the operator's personnel to determine the effectiveness of the procedures used in normal operation and maintenance, and taking corrective action where deficiencies are found.

When the PHMSA representative requested to review the procedure, Crimson Gulf representative stated there was no procedure.

4. **§195.413 Underwater inspection and reburial of pipelines in the Gulf of Mexico and its inlets.**
(c) **If an operator discovers that its pipeline is an exposed underwater pipeline or poses a hazard to navigation, the operator shall—**
(1) **Promptly, but not later than 24 hours after discovery, notify the National Response Center, telephone: 1-800-424-8802, of the location and, if available, the geographic coordinates of that pipeline.**

Crimson Gulf failed to notify the National Response Center within 24 hours, after they discovered its pipeline was exposed underwater.

Crimson Gulf performed an underwater inspection of their 12-inch Pompano Pipeline on January 24, 2013 as shown on their Depth of Cover Survey map. Crimson Gulf's survey indicated the pipeline was exposed underwater in less than 15 feet in depth. The exposed section of pipeline was reported to the National Response Center on May 19, 2014 (NRC report 1083239) when Crimson discovered another exposure nearby. Crimson needed to notify the National Response Center by January 25, 2013, of their discovery of exposed pipeline found during the 2013 underwater inspection.

5. **§195.413 Underwater inspection and reburial of pipelines in the Gulf of Mexico and its inlets.**
(c) **If an operator discovers that its pipeline is an exposed underwater pipeline or poses a hazard to navigation, the operator shall—**
(3) **Within 6 months after discovery, or not later than November 1 of the year that the discovery is made, place the pipeline so that the top of the pipe is 36 inches (914 millimeters) below the underwater natural bottom (as determined by recognized and generally accepted practices) for normal excavation or 18 inches (457 millimeters) for rock excavation**

Crimson Gulf failed to place their 12 inch Pompano Pipeline so that the top of the pipe is 36 inches below the underwater natural bottom, within 6 months after they discovered portion of the Pompano Pipeline was exposed underwater on two separate occasions.

Crimson Gulf performed an underwater inspection of their 12-inch Pompano Pipeline on January 24, 2013 as shown on their Depth of Cover Survey map. Crimson Gulf's survey indicated the pipeline was exposed underwater in less than 15 feet in depth at point numbers 36, 37, 38, and 42. Crimson then performed another underwater inspection of their Pompano Pipeline in May 23, 2014 and June 5, 2014 and indicated exposed and suspended pipe without adequate support. The 2014 survey also indicated unintended movement that could adversely affect the safe operation of the pipeline, occurred at point numbers 108, 120, 121, and 122.

Crimson Gulf did not provide to PHMSA, documentation showing the exposures, suspended portion and unintended movement of the pipeline had been rectified.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$49,300 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$30,400
2	\$18,900

Warning Items

With respect to item 4, 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 promptly correct these item(s). Failure to do so may result in additional enforcement action.

Proposed Compliance Order

With respect to items 1, 2, 3, and 5, pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Crimson Gulf LLC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be 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). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

In your correspondence on this matter, please refer to **CPF 4-2016-5007** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



R.M. Seeley
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Crimson Gulf, LLC a Compliance Order incorporating the following remedial requirements to ensure the compliance of Crimson Gulf, LLC with the pipeline safety regulations:

1. In regard to Item Numbers 1, 2, and 5 of the Notice pertaining to the safety related condition and exposed pipeline, Crimson Gulf must file the DOT/PHMSA required reports; correct the unsafe conditions and provide documentation to demonstrate completion; and perform an underwater inspection of the pipeline to ensure the continued safe operation of the pipeline.
2. In regard to Item Number 3 of the Notice pertaining to not having procedures for periodically reviewing the work done by the operator's personnel to determine the effectiveness of the procedure used, Crimson Gulf must develop and implement a procedure.
3. Pertaining to items above of the Proposed Compliance Order, Crimson Gulf must complete the required orders within 30 days of the Compliance Order.
4. It is requested (not mandated) that Crimson Gulf maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to R.M. Seeley, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.