

December 27, 2016

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

Re: CPF No. 4-2016-5008M

Dear Mr. Alexander:

Enclosed please find the Order Directing Amendment issued in the above-referenced case. It makes findings of inadequate procedures and requires that Crimson Gulf, LLC amend certain of its operating and maintenance procedures. When the amendment of procedures is completed, as determined by the Director, Southwest Region, this enforcement action will be closed. Service of the Order Directing Amendment by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. R.M. Seeley, Director, Southwest Region, PHMSA, Office of Pipeline Safety

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

In the Matter of	)	
	)	
Crimson Gulf, LLC,	)	CPF No. 4-2016-5008M
	)	
Respondent.	)	
	)	

ORDER DIRECTING AMENDMENT

From March 2015 through July 2015, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of Crimson Gulf, LLC (Crimson or Respondent) in Houma, Louisiana and in Crimson's Delta offshore pipeline system. Respondent, an affiliate of Crimson Pipeline, LLC, is engaged in the transportation of crude oil through approximately 500 miles of pipeline.¹

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated April 4, 2016, a Notice of Amendment (Notice). The Notice proposed, in accordance with 49 C.F.R. § 190.237, that Respondent amend its procedures for operations, maintenance and emergencies.²

Respondent failed to respond within 30 days of receipt of service of the Notice. Under 49 C.F.R. § 190.209(c), such failure to respond constitutes a waiver of Crimson's right to contest the allegations in the Notice and authorizes the Associate Administrator, without further notice, to find facts as alleged in the Notice and to issue this Order Directing Amendment under § 190.206. In this case, the Notice was mailed to Respondent by certified mail (USPS Article No. 9590940303045155018030) on April 7, 2016 and was received by Respondent on April 11, 2016, as shown by the return receipt on file with PHMSA. To date, Respondent has not acknowledged or responded to the Notice. Under such circumstances, I find it reasonable and appropriate to enter this Order Directing Amendment without further proceedings.³

¹ Crimson Gulf, LLC, website, available at <http://www.crimsonpl.com/gulf/index.htm#> (last accessed September 19, 2016).

² The Notice was issued in conjunction with a separate Notice of Probable Violation (CPF No. 4-2016-5007). A Final Order in that case is being issued separately.

³ In the Matter of Tampa Pipeline Corp., Final Order (CPF No. 2-2008-6002) (Apr. 26, 2010), 2010 WL 6531627, (D.O.T.); see also, In the Matter of Tampa Bay Pipeline Corp., Final Order (CPF No. 2-2005-6012 (Dec. 1, 2006),

FINDINGS OF INADEQUATE PROCEDURES

The Notice alleged certain inadequacies in Respondent's Operations and Maintenance (O&M) Manual and proposed requiring Crimson to amend its procedures to comply with the provisions of 49 C.F.R. Part 195, as follows:

Item 1: The Notice alleged that Respondent's procedures are inadequate to ensure safe operation of its pipeline facilities because they fail to include proper procedures addressing 49 C.F.R. § 195.402(c)(3), which states:

§ 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. . . .

. . . .

(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:

. . . .

(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.

The Notice alleged that Respondent's procedures implementing 49 C.F.R. § 195.402(c)(3) are inadequate. Specifically, the Notice alleges that throughout Crimson's O&M Manual, Section H.1 Corrosion Control Procedures, the procedures copy and paraphrase the regulations, and reference PHMSA's regulations instead of other Crimson processes and procedures. Crimson's procedures must be amended to be more specific to the Crimson system, provide adequate details, and not simply paraphrase PHMSA's regulations for conducting normal operations and maintenance activities. The Notice identified the following inadequacies:

1. Section H.1., D.2 "Pipelines That Must Have Coating for External Corrosion Control procedure to meet the requirements of § 195.557. Which pipelines must have coating for external corrosion control?" currently paraphrases and references the regulations.
2. Section H.1., D.3 "Coating Materials procedure to meet the requirements of § 195.559. What coating material may I use for external corrosion control?" currently lacks guidance and specifics on the coating material to be used.

3. Section H.1., D.4 “Pipe Coating Inspections procedure to meet the requirements of §195.561. When must I inspect pipe coating used for external corrosion control?” currently lacks detailed guidance and specifics.
4. Section H. 1., D.5 “Pipelines Required to Have Cathodic Protection procedure to meet the requirements of § 195.563. Which pipelines must have cathodic protection?” currently paraphrases and references the regulations.
5. Section H.1., D.8 “Test Leads-Installation & Maintenance procedure to meet the requirements of § 195.567. Which pipelines must have test leads and what must I do to install and maintain the leads?” currently paraphrases and references the regulations.
6. Section H.1., D.9 “Inspections of Exposed Sections of Pipe procedure to meet the requirements of § 195.569. Do I have to examine exposed portions of buried pipelines?” currently paraphrases and references the regulations.
7. Section H.1., D.11 “Monitoring External Corrosion Control procedure to meet the requirements of § 195.573. What must I do to monitor external corrosion control?” currently paraphrases and references the regulations.
8. Section H.1., D.12 “Electrical Isolations, Inspections, Tests, and Safeguards procedure to meet the requirements of § 195.575” currently paraphrases and references the regulations.
9. Section H.1., D.14 “Mitigating Internal Corrosion procedure to meet the requirements of § 195.579. What must I do to mitigate internal corrosion?” currently does not address pipeline alignment features such as changes in elevation, low points, sharp bends, and dead legs that may contribute to internal corrosion by allowing water to settle out.
10. Section H. 1., D.15 “Atmospheric Corrosion and Coating Materials procedure to meet the requirements of § 195.581. Which pipeline must I protect against atmospheric corrosion and what coating material may I use?” currently paraphrases and references the regulations and lacks details.
11. Section H. 1., D.17 “General Corrosion procedure to meet the requirements of § 195.585. What must I do to correct corroded pipe?” currently paraphrases and references the regulations and lacks details.
12. Section H.1., D.18 “How to Determine the Strength of Corroded Pipe procedure to meet the requirements of § 195.587. What methods are available to determine the strength of corroded pipe?” currently paraphrases and references the regulations and lacks details.

Respondent did not contest the proposed Notice of Amendment. Accordingly, I find that Crimson's procedures are inadequate to ensure safe operation of its pipeline system. Pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237, Crimson is ordered to amend the above-described procedures to be more specific to the Crimson system, provide adequate details, and not simply paraphrase PHMSA's regulations for conducting normal operations and maintenance activities.

Item 2: The Notice alleged that Respondent's procedures are inadequate to ensure safe operation of its pipeline facilities because they fail to include proper procedures addressing 49 C.F.R. § 195.402(f), which states:

§ 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. . . .

. . . .

(f) *Safety-related condition reports.* The manual required by paragraph (a) of this section must include instructions enabling personnel who perform operation and maintenance activities to recognize conditions that potentially may be safety-related conditions that are subject to the reporting requirements of §195.55.

49 C.F.R. § 195.55 states in part:

§ 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:

(1) General corrosion that has reduced the wall thickness to less than that required for the maximum operating pressure, and localized corrosion pitting to a degree where leakage might result.

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

(3) Any material defect or physical damage that impairs the serviceability of a pipeline.

(4) Any malfunction or operating error that causes the pressure of a pipeline to rise above 110 percent of its maximum operating pressure.

(5) A leak in a pipeline that constitutes an emergency.

(6) Any safety-related condition that could lead to an imminent hazard and causes (either directly or indirectly by remedial action of the operator), for purposes other than abandonment, a 20 percent or more reduction in operating pressure or shutdown of operation of a pipeline.

. . . .

49 C.F.R. § 195.56 states in part:

§ 195.56 Filing safety-related condition reports.

(a) Each report of a safety-related condition under §195.55(a) must be filed (received by OPS) within five working days (not including Saturday, Sunday, or Federal Holidays) after the day a representative of the operator first determines that the condition exists, but not later than 10 working days after the day a representative of the operator discovers the condition.

...

The Notice alleged that Respondent's procedures implementing 49 C.F.R. § 195.402(f) are inadequate. Specifically, the Notice alleges that Crimson's O&M Manual, Section B.3 "Safety Related Condition Reporting" did not specify when and what information is required to be reported to PHMSA under 49 C.F.R. § 195.55. The Notice further alleged that Crimson's procedure does not differentiate between the five-working-day time limit to report a safety-related condition after determining that the condition exists and the 10-working-day time limit to report the condition after discovery, as required by 49 C.F.R. § 195.56(a).

Respondent did not contest the proposed Notice of Amendment. Accordingly, I find that Crimson's procedures are inadequate to ensure safe operation of its pipeline system. Pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237, Crimson is ordered to amend the above-described procedures to specify when and what information is required to be reported to PHMSA under 49 C.F.R. § 195.55, and to differentiate between the 5 and 10-day reporting requirements described in 49 C.F.R. § 195.56(a).

Item 3: The Notice alleged that Respondent's procedures are inadequate to ensure safe operation of its pipeline facilities because they fail to include proper procedures addressing 49 C.F.R. § 195.413, which states:

§ 195.413 Underwater inspection and reburial of pipelines in the Gulf of Mexico and its inlets.

(a) Except for gathering lines of 4 1/2 inches (114mm) nominal outside diameter or smaller, each operator shall prepare and follow a procedure to identify its pipelines in the Gulf of Mexico and its inlets in waters less than 15 feet (4.6 meters) deep as measured from mean low water that are at risk of being an exposed underwater pipeline or a hazard to navigation. The procedures must be in effect August 10, 2005.

(b) Each operator shall conduct appropriate periodic underwater inspections of its pipelines in the Gulf of Mexico and its inlets in waters less than 15 feet (4.6 meters) deep as measured from mean low water based on the identified risk.

(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.

(2) Promptly, but not later than 7 days after discovery, mark the location of the pipeline in accordance with 33 CFR Part 64 at the ends of the pipeline segment and at intervals of not over 500 yards (457 meters) long, except that a pipeline segment less than 200 yards (183 meters) long need only be marked at the center; and

(3) Within 6 months after discovery, or not later than November 1 of the following year if the 6 month period is later than November 1 of the year of discovery, bury 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.

(i) An operator may employ engineered alternatives to burial that meet or exceed the level of protection provided by burial.

(ii) If an operator cannot obtain required state or Federal permits in time to comply with this section, it must notify OPS; specify whether the required permit is State or Federal; and, justify the delay.

The Notice alleged that Crimson's O&M Manual, Section F.5 "Underwater Inspection and Reburial of Pipelines in the Gulf of Mexico," paragraph D.1, copied or paraphrased 49 C.F.R. § 195.413, and did not reference any of Crimson's own processes or procedures.

Respondent did not contest the proposed Notice of Amendment. Accordingly, I find that Crimson's procedures are inadequate to ensure safe operation of its pipeline system. Pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237, Crimson is ordered to amend the above-described procedures to provide adequate details and guidance as to how Crimson's staff can comply with 49 C.F.R. § 195.413, rather than simply copying and paraphrasing the regulatory text.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

Failure to comply with this Order may result in administrative assessment of civil penalties not to exceed \$200,000 for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

Under 49 C.F.R. § 190.243, Respondent has a right to submit a Petition for Reconsideration of this Order Directing Amendment. The petition must be sent to: Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. PHMSA will accept petitions received no later than 20 days after receipt of service of this Final Order by the Respondent, provided they contain a brief statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. The filing of a petition automatically stays the payment of any civil penalty assessed. Unless the Associate Administrator, upon request,

grants a stay, all other terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

December 27, 2016

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Date Issued