



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

8701 S. Gessner, Suite 630
Houston, TX 77074

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 9, 2017

John Pantaleo
Vice President – GOM
Stone Energy
625 East Kaliste Saloom Road
Lafayette, Louisiana 70508

CPF 4-2017-5004W

Dear Mr. Pantaleo:

In December 2016, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code reviewed the notification reports filed electronically by Stone Energy. As a result of this review, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The item reviewed and the probable violation is:

1. §195.64 National Registry of Pipeline and LNG Operators.

(c) Changes. Each operator must notify PHMSA electronically through the National Registry of Pipeline and LNG Operators at <http://opsweb.phmsa.dot.gov>, of certain events.

(2) An operator must notify PHMSA of any following event not later than 60 days after the event occurs:

(iii) A change in the entity (e.g., company, municipality) responsible for operating an existing pipeline, pipeline segment, or pipeline facility;

Stone Energy failed to file notification of divestiture for 7.65 miles of hazardous liquids pipeline no later than 60 days following the divestiture. Stone Energy submitted an Operator Registry Notification Type D for 3.6 miles of Onshore, Interstate pipeline, located in Cameron County, LA and 4.05 miles of Offshore OCS Gulf of Mexico pipeline. According to the information submitted, the divestiture was completed on February 1, 2016, and the notification was not received until May 25, 2016 (114 days). This notification was required by April 1, 2016.

For future files, please be aware that the notification required for the divestiture of less than 50 miles would be a Type B. Attached for your convenience is a copy of the "Instructions (rev 5-2015) for Form PHMSA F 1000.2 (rev 5-2015) OPERATOR REGISTRY NOTIFICATION" to submit the correct notification type.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$205,638 per violation per day the violation persists up to a maximum of \$2,056,380 for a related series of violations. For violation occurring between January 4, 2012 to August 1, 2016, 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. 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. 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 identified in this letter. Failure to do so will result in Stone Energy 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 4-2017-5004W**. 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,



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