

WARNING LETTER

ELECTRONIC MAIL - RETURN RECEIPT REQUESTED

February 18, 2022

Michael McCauley
Operations General Manager
Venice Gathering System, LLC
2103 Research Forest Drive, Suite 300
The Woodlands, Texas 77380

CPF 4-2022-022-WL

Dear Mr. McCauley:

From March 9, 2021, through June 23, 2021, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Venice Gathering System, LLC's (VGS) gas gathering pipeline system in and around Plaquemines Parish, Louisiana and the Gulf of Mexico.

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

1. § 192.605 Procedural manual for operations, maintenance, and emergencies

(a) *General.* Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

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

(a) Each operator shall prepare and follow a procedure to identify its pipelines in the Gulf of Mexico and its inlets in water 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.

VGS failed to prepare and follow a written procedure to identify its pipelines in the Gulf of Mexico that were at risk of being exposed or a hazard to navigation. *VGS Operations and Maintenance Manual, Section 2.12 Underwater Inspections* (Revision Date: 06/01/2020), stated, “the operator will inspect these pipelines periodically based on the appropriate risk;” however, it did not provide a sufficient description of the metrics used to determine “appropriate risk,” nor did it describe how often or what events trigger a risk assessment, which is the proposed basis for determining a “periodic” inspection. VGS acquired the subject 152-mile-long pipeline system from Panther Operating Company, LLC on June 23, 2020, and was unable to produce records showing that the subject potentially at-risk pipeline had ever been identified and inspected per § 192.612 by Panther during their operation.

Following PHMSA’s 2021 inspection, VGS conducted an underwater inspection of the Gulf of Mexico Pipeline, on December 7, 2021. In addition, VGS revised its O&M Procedure, Section 2.12 (revised 01/12/2022), and submitted it to PHMSA for review. The revised procedure was reviewed by PHMSA Southwest Region and found to provide the procedural specificity required.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, Venice Gathering System, LLC is subject to a civil penalty not to 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 violations 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 violations 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 violations 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 violations 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.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 4-2022-022-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,

Mary L. McDaniel, P.E.
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration