genesisenergy

May 2, 2022

Ms. Mary McDaniel
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration
8701 S. Gessner Road, Suite 900
Houston, Texas 77074

RE: CPF 4-2022-028-NOPV
(39352) Genesis Offshore Holdings, LLC (Genesis)
Inspection covering CHOPS and Poseidon Pipelines
Response to alleged NOPVs

Dear Ms. McDaniel:

From March 3, 2021, through October 28, 2021, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) inspected the Genesis Offshore Holdings, LLC pipeline systems, including the written operations and maintenance (O&M) procedures, records, and associated programs.

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

Item 1, 49 CFR 195.452(a)(i), Pipeline integrity management in high-consequence areas.

The PHMSA inspector alleges the procedure failed to include in its preventive and mitigative measures an informational risk analysis regarding the likelihood of a pipeline release and how a release could affect a high-consequence area (HCA) as required by 49 CFR 195.452(i)(2).

As a result of the inspection, it is alleged that the informational analysis to support preventive and mitigative action, identification, and evaluation for four pipeline segments (Risk assessment section) only provided a total risk score and not a probability or consequence score for each identified threat. The recorded data did not demonstrate how the likelihood of a pipeline release and the consequence of the release. The consideration should include identifying and evaluating the preventive and mitigative actions associated with each pipeline segment.

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Item 1 - Response

Genesis is providing a copy of the 2020 Integrity Program Risk spreadsheet which contains the section of each line in question (13972, 13987, 12470, and 201-2) with the highest risk value. The full spreadsheet was provided previously. The Risk Matrix is also being provided to explain the risk factors and their values. In addition, Genesis updated several areas of the Integrity Management Program Manual to enhance the Preventive and Mitigative (P&M) program. Please refer to Section 201L, paragraph 1.2.6. Genesis created an official form to document the annual risk analysis and corresponding P&M measures. Also, refer to IM Process 600 6.1. Genesis added new wording about the identification of P&M measures.

The new procedural language is included herein:

Refer to 1.2.6 Documentation
The Risk Analysis annual review will be documented on IM Form 202P Pipeline – Risk Assessment Review.

Refer to 6.1 Purpose
The Company utilizes its Informational Analysis, Risk Review, and/or Annual Project Review processes to identify when such measures may be appropriate to consider.

Item 2, 49 CFR 195.452 (a)(j)(1)

The PHMSA inspector alleges Genesis failed to periodically evaluate the integrity of each pipeline segment that could affect HCAs. Additionally, the PHMSA inspector alleges Genesis failed to have a procedure that sets forth the process for conducting periodic evaluations (49 CFR 195.452 (j)(1).

The PHMSA inspector alleges Genesis's IM Procedure 700 does not cover periodic evaluations of pipeline segments that could affect an HCA after completing its integrity assessments. The PHMSA inspector also alleges that the program review for effectiveness is inadequate and cannot be part of a periodic evaluation as required by 49 CFR 195.452 (j)(1).

Item 2 - Response

Genesis Energy follows the 49 CFR 195 Frequently Asked Questions (FAQs), Integrity Assessment Intervals Section #5.10. The Genesis Risk Analysis meets the definition described therein. Please refer to Genesis IM Process 200 and IM Procedure 201L, specifically 201L 1.2.6. Genesis created an official form to document the annual risk analysis and corresponding P&M measures.
Additionally, Genesis has added Risk to its Review for Effectiveness (RFE) procedure, IM Process 700 & IM Procedure 701L, meeting the definition in the FAQ, 5.10.

The new procedural language is included herein:

Refer to 1.2.6 Documentation
The Risk Analysis annual review will be documented on IM Form 202P Pipeline – Risk Assessment Review.

Refer to IM Process 700, Section 7.1
7.1 Purpose
This process describes the means to periodically evaluate the effectiveness of the Integrity Management Program (IMP) for Hazardous Liquid Pipeline Segments, Natural Gas Pipeline Segments, and facilities in assessing, evaluating the integrity and protecting the High Consequence Areas (HCAs).

Refer to IM Procedure 701L, paragraph 1.2.1.6
1.2 Procedure
1.2.1.6 – Risk assessment score.

Genesis Referenced Materials & Attachments

1. Genesis Integrity Program Risk Spreadsheet
2. Genesis Risk Matrix
3. Genesis IMP Manual
4. Genesis IM Form 202P (2021 example included for reference)

Genesis procedures referenced herein are included with the plan of correction. Additional information can be made available to PHMSA upon request. We appreciate the opportunity to work with the Pipeline and Hazardous Materials Safety Administration regarding the safe operation of our pipelines.

If you have any questions or comments, please contact me directly at 713-860-2542 or by e-mail at Jeff.Gifford@genlp.com.

Sincerely,

Jeffrey W. Gifford
Vice President, HSSE