

WARNING LETTER

ELECTRONIC MAIL - RETURN RECEIPT REQUESTED

January 27, 2022

Matthew Rowland
Chief Executive Officer
American Midstream (Seacrest), LP
Third Coast Midstream, LLC
1501 McKinney Street, Suite 800
Houston, Texas 77010

CPF 4-2022-030-WL

Dear Mr. Rowland:

From June 29, 2020 through September 24, 2020, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected American Midstream (Seacrest) LP's (AMID) offshore gas gathering pipeline located near St. Mary Parish, Louisiana. AMID is a subsidiary of Third Coast Midstream, LLC (3CM).

Based on the inspection, it is alleged that AMID has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

1. § 192.465 External corrosion control: Monitoring.

- (a) Each pipeline that is under cathodic protection must be tested at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of § 192.463. However, if tests at those intervals are impractical for separately protected short sections of mains or transmission lines, not in excess of 100 feet (30 meters), or separately protected service lines, these pipelines may be surveyed on a sampling basis. At least 10 percent of these protected structures, distributed over the entire system must be surveyed each calendar year, with a different 10 percent checked each subsequent year, so that the entire system is tested in each 10-year period.**

AMID failed to test its offshore pipeline system to determine the adequacy of cathodic protection at least once each calendar year, but at intervals not exceeding 15 months, for calendar year 2018, as required by §192.465(a) and AMID's own written procedures.

AMID's written procedure, *External Corrosion*, #14.3, OM-192 – 14.0 Corrosion Control (Revision #3) Section 6, states:

Each pipeline that is under cathodic protection must be tested at least once each calendar year, but with intervals not exceeding 15 months (1x/yr NTE 15 mos), to determine whether the cathodic protection meets the requirements of §192.463 (See (5) above). However, if tests at those intervals are impractical for separately protected short sections of mains or transmission lines, not in excess of 100 feet (30 meters), or separately protected service lines, these pipelines may be surveyed on a sampling basis. At least 10 percent of these protected structures, distributed over the entire system must be surveyed each calendar year, with a different 10 percent checked each subsequent year, so that the entire system is tested in each 10-year period.

And AMID's written procedure, *Records*, #14.8, OM-192 – 14.0 Corrosion Control (Revision #3) Section 14.8.0 (3), states:

3CM personnel must maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required 49 CFR 192 Subpart I in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist. You must retain these records for at least 5 years, except that records related to 49 CFR Part 192.465(a) and (e) and 192.475(b) must be retained for as long as the pipeline remains in service.

During PHMSA's inspection, AMID was unable to provide documentation to show that annual cathodic protection surveys were conducted or recorded for calendar year 2018, as required by §192.465(a).

2. § 192.491 - Corrosion control records.

(a) . . .

(c) Each operator shall maintain a record of each test, survey, or inspection required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist. These records must be retained for at least 5 years, except that records related to §§ 192.465 (a) and (e) and 192.475(b) must be retained for as long as the pipeline remains in service.

§ 192.481 - Atmospheric corrosion control: Monitoring.

(a) Each operator must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:

If the pipeline is located:	Then the frequency of inspection is:
Onshore	At least once every 3 calendar years, but with intervals not exceeding 39 months
Offshore	At least once each calendar year, but with intervals not exceeding 15 months

AMID failed to inspect, or maintain records of any inspection, of its offshore pipelines exposed to the atmosphere for evidence of atmospheric corrosion at least once each calendar year, but with intervals not exceeding 15 months, for calendar years 2018 and 2019 as required by §§ 192.481(a) and 192.491(c), and AMID's written procedures.

AMID's procedure, *Atmospheric Corrosion*, #14.5, OM-192 – 14.0 Corrosion Control (Revision #3), Section 2, states:

2. Monitoring for Atmospheric Corrosion
 - a. 3CM personnel must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:
 - i. Pipelines located onshore – At least once every 3 calendar years, but with intervals not exceeding 39 months (1/3yrs. NTE 39 mos.).
 - ii. Pipelines located offshore - At least once each calendar year, but with intervals not exceeding 15 months (1/yr. NTE 15 mos.).
 - b. During inspections 3CM personnel must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.
 - c. If atmospheric corrosion is found during an inspection, protection must be provided as described in 14.5.0.
 - d. 3CM personnel must record atmospheric corrosion inspections on Form OM-19x- 14.5a Atmospheric Corrosion Inspection Report.

During the PHMSA inspection, AMID was unable to provide any records to demonstrate that atmospheric corrosion inspections had been conducted on its offshore pipelines for calendar years 2018 and 2019 as required by § 192.481(a).

Alternatively, if atmospheric inspections were conducted, AMID failed to follow § 192.491(c) and its written procedures to provide evidence of its annual atmospheric corrosion surveys for calendar years 2018 and 2019 on Form OM-19x-14.5a Atmospheric Corrosion Inspection Report.

3. § 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.

AMID failed to conduct an annual review of its operations, maintenance, and emergency manual for calendar years 2015 and 2016 as required by § 192.605(a) and AMID's written procedures.

AMID's procedure, *Manual Review, #8.1, OM-192 – 8.0 Normal Operation (Revision #3), Section 8.1.0*, states:

8.1.0 Operations and Maintenance Manual Preparation and Review

1. 3CM 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.
2. This manual shall be reviewed by the 3CM Natural Gas O&M Review Team at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to ensure that the manual is effective.
3. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

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DOCUMENTATION

1. All records indicating review of the O&M Manual by pertinent personnel and associated changes are retained by the Regulatory Compliance Department and made available to Company personnel in a number of electronic locations and/or by hard copy.

During PHMSA's inspection, AMID was unable to provide documentation that it conducted annual reviews of its operations, maintenance, and emergency manual for calendar years 2015 and 2016 as required by § 192.605(a).

4. **§192.745 Valve maintenance: Transmission lines.**

- (a) Each transmission line valve that might be required during any emergency must be inspected and partially operated at intervals not exceeding 15 months, but at least once each calendar year.**

AMID failed to inspect and partially operate its transmission line valves at intervals not exceeding 15 months, but at least once each calendar year for calendar year 2018 as required by § 192.745(a) and AMID's written procedures.

AMID's written procedure, *Valve Inspection and Maintenance, #12.5, OM-192 – 12.0 Maintenance (Revision #3), Section 12.5.0* states:

12.5.0 Valve Inspection and Maintenance

1. 3CM Operations will maintain each valve that is necessary for the safe operation of its pipeline systems in good working order at all times.
2. 3CM Operations shall provide protection for each valve from unauthorized operation and from vandalism by either locking the valve or locating it within a locked perimeter fence or secured facility.
3. DOT Emergency Valves – Inspect and partially operate each DOT Emergency Valve once annually not to exceed 15 months (1x/1yr, NTE 15 mos), to determine that it is functioning properly (indicated in red in the examples shown in 12.5.4).
4. DOT Non-Emergency Valves – Inspect DOT Non-Emergency Valves at least one time every two years, not to exceed 30 months (1x/2yrs, NTE 30 mos) to ensure that all valves necessary for the safe operation of the pipeline are maintained in good working order (indicated in green in the examples shown in Section 12.5.4).
5. Business Critical (non-DOT) Valves – Inspect Business Critical valves at a frequency determined by Operations based on criticality and site-specific risk assessment for valves needed for safe, reliable operations (indicated in yellow in the examples shown in Section 12.5.4).

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DOCUMENTATION

1. Valve inspections shall be recorded on Form OM-19x-12.5a and retained for 5 years (DOT Valves) and the prior inspection for non-DOT and business critical valves.
2. The valve inspection requirements of this Procedure and any maintenance of valves shall be documented and dated by the person(s) performing the tasks.

During PHMSA's inspection, AMID was unable to provide documentation that transmission line valve inspections were conducted for calendar year 2018. Alternatively,

if AMID did perform transmission valve inspections for calendar year 2018, it failed to follow its own procedures that require it to provide documentation of the annual inspection and partial operation of its transmission line valves.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are 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 violation 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 violation 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 violation 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 violation 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.

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.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 4-2022-030-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

cc: Todd Rivera, Senior Manager, Third Coast Midstream, LLC,
TRivera@3CMidstream.com