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September 9, 2022

By Electronic Mail

Mr. Bryan Lethcoe
Director, Southwest Region
U.S. Department of Transportation
Pipeline and Hazardous Materials Safety Administration
8701 S. Gessner Road, Suite 630
Houston, Texas 77074

**Re: Denbury Onshore, LLC
Notice of Probable Violation and Proposed Compliance Order
CPF 4-2022-041-NOPV**

Dear Mr. Lethcoe:

On August 10, 2022, the Pipeline and Hazardous Materials Safety Administration (“PHMSA”) issued a Notice of Probable Violation (“NOPV”) and Proposed Compliance Order (“PCO”) dated August 5, 2022 to Denbury Onshore, LLC (“Denbury”), CPF 4-2022-041-NOPV. This letter constitutes Denbury’s formal response to the NOPV and PCO.

With respect to Item 1 in the NOPV, Denbury does not dispute that Denbury did not complete the risk analysis in 2019 but disputes that it failed to identify additional preventive and mitigative measures (“P&MM”) for the next five years during the November 2, 2021 risk assessment. Rather, Denbury reviewed and considered an additional P&MM for the next five years in 2021 as 49 C.F.R. 195.452(i) requires but decided that it was not needed. Denbury’s risk analysis and P&MM evaluation identified “installation of remote mounted cameras” as a potential additional P&MM to address the risk of “outside force related failure.” Denbury ultimately chose not to implement that additional P&MM because Denbury determined that the P&MMs already in place at applicable facilities were sufficient—those facilities are visited biweekly through visual and aerial inspections, and the control room monitors their operations through SCADA. Denbury thus identified and considered a possible additional P&MM but chose not to implement it. Denbury has already provided the related documents to PHMSA but will provide them again to PHMSA as required by Paragraph A of the PCO. Pursuant to 49 C.F.R. 190.208(b)(3), Denbury objects to the violation alleged in Item 1 and provides the documents attached as “2021 Facility Risk Assessment & P&MM Evaluation forms” in support of its claim that Denbury timely performed these tasks.

With respect to Item 2 of the NOPV, Denbury disputes that it failed to follow the requirements of its Integrity Management Program ("IMP") to consider the need for an EFRD analysis. Preliminarily, Denbury again notes its objection to the assertion that 49 C.F.R. 195.452(i) requires operators of CO₂ pipelines to perform the referenced EFRD analysis. As Denbury has explained, that provision refers to EFRD analyses in connection with "hazardous liquids" pipelines, which excludes CO₂ pipelines. Second, this interpretation misreads the requirements of Section 3.9.2 of Denbury's own IMP, which simply calls for Denbury's subject matter experts ("SMEs") to "determine whether further evaluation of ... EFRDs is needed." Denbury's SMEs determined that no "further evaluation" of EFRDs was "needed" by analyzing information about these pipelines in light of the EFRD analysis and related information generated from the work done on the Denbury Green Pipeline-Texas, LLC.

Nevertheless, in order to resolve the NOPV, and without admitting any violation of its IMP, Denbury agrees to comply with the requirements of Paragraph B of the PCO. In particular, Denbury agrees to perform an EFRD risk assessment with respect to segments that are located in HCAs, or are in areas that "could affect" HCAs. The effort to complete such EFRD risk assessments will entail analysis of 32 valve segments and 15 HCAs and Denbury therefore proposes to extend the time for completing the work set out in Paragraph B to 180 days.

With respect to Item 3, Denbury agrees to Item 3 and does not contest the alleged violation of 49 C.F.R. 195.452(k). Denbury further agrees to perform the tasks required by Paragraph C of the PCO.

Denbury shares PHMSA's desire and commitment to ensure public safety and to enhance pipeline system integrity. Thank you for your consideration. If you have any questions or require any additional information, please do not hesitate to contact me.

Sincerely,



Vinson & Elkins, LLP
George C. Hopkins
2200 Pennsylvania Ave. NW
Washington DC 20037
Counsel for Denbury Onshore, LLC

cc: James Matthews, General Counsel
Kyle Cook, Assistant General Counsel