



VIA ELECTRONIC MAIL TO: Bryan Lethcoe

March 2, 2023

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

**Re: Denbury Gulf Coast Pipelines, LLC
Notice of Probable Violation and Proposed Compliance Order
CPF 4-2023-017-NOPV**

Dear Mr. Lethcoe:

On February 1, 2023, the Pipeline and Hazardous Materials Safety Administration ("PHMSA") issued a Notice of Probable Violation ("NOPV") and Proposed Compliance Order ("PCO") dated January 31, 2023, to Denbury Gulf Coast Pipeline, LLC ("Denbury"), CPF 4-2023-017-NOPV. This letter constitutes Denbury's formal response to the NOPV and PCO.

With respect to Item 1 in the NOPV, Denbury disputes that it failed to conduct a risk analysis to identify additional preventive and mitigative measures ("P&MM") for the "could affect" High Consequence Area (HCA) in 2014 and 2019 for the Methanex Tie-in and Launcher, as identified within the NOPV, as that pipeline segment did not go into service until 2020. Therefore, Denbury would not have been able to perform a risk analysis in 2014 and 2019. Pursuant to 49 C.F.R. 190.208(b)(3), Denbury objects to the violation alleged in Item 1.

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 consideration 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 44 valve segments and 23 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,

A handwritten signature in blue ink, appearing to read "David E. Sheppard". The signature is fluid and cursive, with the first name "David" being the most prominent.

David Sheppard
Executive Vice President & Chief Operating Officer
Denbury Inc.

cc: Mr. Randy Robichaux, Vice President-Health Safety and Environmental, randy.robichaux@denbury.com