



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

WARNING LETTER

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

September 15, 2017

Mr. Michael Wracher
Chief Operating Officer
Venoco, Inc.
6267 Carpinteria Ave., Suite 100
Carpinteria, CA 93013

CPF 5-2017-0018W

Dear Mr. Wracher:

On May 30, 2017 to June 1, 2017, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Venoco Inc.'s (Venoco) Ellwood Gas Sales Line connected to its Ellwood Onshore Facility in Carpinteria, California.

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

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.

Venoco did not review and update its manual of written procedures for emergency response at intervals not exceeding 15 months, but at least once each calendar year. Venoco's South Ellwood Field and Line 96 Emergency Action Plan's (Revision 6 dated 12/2016) Record of Revision did not show an annual review for each calendar year in the past 5 years. Calendar years 2012, 2013, and 2015 review and update were not documented on the Record of Revision.

2. §192.615 Emergency plans.

(b) Each operator shall:

(2) Train the appropriate operating personnel to assure that they are knowledgeable of the emergency procedures and verify that the training is effective.

Venoco did not demonstrate that it trained the appropriate operating personnel to assure that they are knowledgeable of the emergency procedures and verify that the training is effective. Specifically, Venoco did not provide written records of emergency response training covering the appropriate operating personnel for its Ellwood Onshore Facility.

3. §192.947 What records must an operator keep?

An operator must maintain, for the useful life of the pipeline, records that demonstrate compliance with the requirements of this subpart. At minimum, an operator must maintain the following records for review during an inspection.

(d) Documents to support any decision, analysis and process developed and used to implement and evaluate each element of the baseline assessment plan and integrity management program. Documents include those developed and used in support of any identification, calculation, amendment, modification, justification, deviation and determination made, and any action taken to implement and evaluate any of the program elements.

Venoco did not maintain, for the useful life of the pipeline, records that demonstrate compliance with §192.935(a). Venoco did not provide records that demonstrated that additional measures have been identified and implemented (or scheduled) beyond those already required by Part 192 to prevent a pipeline failure and to mitigate the consequences of a pipeline failure in a high consequence area. Specifically, Venoco did not provide "Gas Integrity Management Plan (IMP) Element #8, Preventive and Mitigative Measures Agenda and Action Items" for the last 3 calendar years. This document was intended to be used for review and implementation of Element #8 in accordance with Venoco's IMP Element #8 Preventive and Mitigative Measures written procedure.

4. **§192.491 Corrosion control records.**

(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.

Venoco did not maintain a record of each test, survey or inspection required by Subpart I in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist. Specifically, Venoco did not provide records that demonstrated it conducted inspections of its Ellwood Gas Sales Line aboveground pipe for atmospheric corrosion in accordance with §192.481.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists up to a maximum of \$2,090,022 for a related series of violations. 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. We advise you to correct the items identified in this letter. Failure to do so will result in Venoco, Inc. being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2017-0018W**. 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,

A handwritten signature in black ink, appearing to be 'Kim West', written over a horizontal line.

Kim West
Acting Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 C. Ishikawa (#155478)
Venoco, Inc. 370 17th Street, Suite 3900, Denver, CO 80202-1370