

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

VIA E-MAIL TO MR. TODD CANTRALL

December 20, 2021

Mr. Todd Cantrall
VP Operations
Freeport-McMoRan Oil & Gas
21 Waterway Avenue, Suite 250
The Woodlands, TX 77380

CPF 5-2021-057-NOPV

Dear Mr. Cantrall:

From September 20, 2021 through September 24, 2021, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), conducted an on-site pipeline safety inspection of the facilities and records of the Point Arguello Pipeline and the LOMPOC Plant to SOCAL Gas Pipeline. The Point Arguello Pipeline is a transmission line that transports natural gas from the Gaviota Oil Heating Facility in Gaviota, California to Platform Hermosa, located off the coast of California in Federal waters. The LOMPOC Plant to SOCAL Gas Pipeline is a transmission line that transports natural gas from the LOMPOC Gas Plant (LOGP) to the SOCAL gas tie-in near Lompoc, California.

As a result of the inspection, it is alleged that Freeport-McMoRan Oil & Gas (Freeport-McMoRan) has committed probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The item inspected and the probable violation is:

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.

Freeport-McMoRan failed to update and review its Emergency Response Plan (ERP) manual at least once each calendar year, but with intervals not exceeding 15 months as required by § 192.605(a). Annual reviews of the ERP are critical to ensure the manual is up-to-date and allows for an adequate response in the event of an emergency. During the inspection, Freeport-McMoRan could not produce any records evidencing that the company had performed an annual review or updated its ERP manual in 2019, 2020 or 2021.¹

Proposed Compliance Order

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 propose a civil penalty assessment at this time.

With respect to Item 1, pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Freeport-McMoRan Oil & Gas. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

¹ See 49 C.F.R. § 192.603(b) (requiring that “[e]ach operator shall keep records necessary to administer the procedures established under § 192.605”).

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement Proceedings*. Please refer to this document and note the response options. 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).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 190.211. If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 5-2021-057-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Dustin Hubbard
Director, Western Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

cc: PHP-60 Compliance Registry
PHP-500 J. Gilliam, L. Green (#21-199974)

PROPOSED COMPLIANCE ORDER

Pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Freeport-McMoRan Oil & Gas (Freeport-McMoRan) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Freeport-McMoRan with the pipeline safety regulations:

- A. In regard to Item 1 of the Notice pertaining to Freeport-McMoRan's failure to update and review its Emergency Response Plan (ERP) manual at least once each calendar year, but with intervals not exceeding 15 months as required by § 192.605(a), Freeport-McMoRan must review and update their ERP with any appropriate changes such as changes in operations or emergency contact numbers and submit the revised ERP to PHMSA Western Region Director within 180 days of receipt of the Final Order.
- B. It is requested (not mandated) that Freeport-McMoRan Oil & Gas maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Dustin Hubbard, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.