

NOTICE OF AMENDMENT

VIA ELECTRONIC MAIL TO: Ellen.mcelrath@contango.com

October 25, 2023

Ms. Ellen McElrath
Vice President – Rockies
Contango Resources
1717 South Boulder, Suite 900
Tulsa, OK 74119

CPF 5-2023-036-NOA

Dear Ms. McElrath:

From July 25 through 29, 2022, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected your control room procedures and records of Contango Resources (Contango) in Midwest, Wyoming.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Contango's procedures, as described below:

1. **§ 195.402 Procedural manual for operations, maintenance, and emergencies.**
 - (a)
 - (c) ***Maintenance and normal operations.*** The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:
 - (1)
 - (3) **Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.**

Contango's procedures were inadequate to assure the safe operation of a pipeline facility. Specifically, the Contango procedures did not define a process and criteria to evaluate facilities to determine if they are control rooms. Contango must amend its procedures to define the term 'control room' and provide instructions on how to evaluate and document the evaluation of facilities to establish if a control room exists.

2. § 195.402 Procedural manual for operations, maintenance, and emergencies.

(a)

(c) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(1)

(5) Investigating and analyzing pipeline accidents and failures, including sending the failed pipe, component, or equipment for laboratory testing or examination where appropriate, to determine the cause(s) and contributing factors of the failure and to minimize the possibility of a recurrence.

Contango's procedures were inadequate to assure the safe operation of a pipeline facility. Specifically, the Contango procedures did not contain a process to evaluate the potential contribution of controller fatigue to incidents and accidents during investigations. Contango must amend its procedures to provide instructions for the evaluation and documentation of the potential contribution of controller fatigue to incidents and accidents during investigations.

Additionally, the Contango procedures did not contain a formal, structured approach for reviewing and critiquing reportable events to identify lessons learned. Contango must amend its procedures to provide detailed instructions for the review and critiquing of reportable events to identify lessons learned.

3. § 195.446 Control room management.

(a)

(b) *Roles and responsibilities.* Each operator must define the roles and responsibilities of a controller during normal, abnormal, and emergency operating conditions. To provide for a controller's prompt and appropriate response to operating conditions, an operator must define each of the following:

(1) A controller's authority and responsibility to make decisions and take actions during normal operations;

Contango's procedures were inadequate to assure the safe operation of a pipeline facility. Specifically, the Contango procedures did not have a clear process that described the roles and responsibilities of controllers when more than one controller is on shift. Contango must amend its procedures to define the roles and responsibilities of controllers when more than one controller is on shift.

4. § 195.446 Control room management.

(a)

(b) ***Roles and responsibilities.*** Each operator must define the roles and responsibilities of a controller during normal, abnormal, and emergency operating conditions. To provide for a controller's prompt and appropriate response to operating conditions, an operator must define each of the following:

(1)

(3) **A controller's role during an emergency, even if the controller is not the first to detect the emergency, including the controller's responsibility to take specific actions and to communicate with others;**

Contango's procedures were inadequate to assure the safe operation of a pipeline facility. Specifically, the Contango procedures did not address the controller's responsibilities in the event the control room must be evacuated. The Contango Control Room Management Plan (CRMP) failed to address evacuation of the control room. Contango SOG#2019-1 Control Room Evacuation Procedure addresses evacuation of the control room but fails to describe the circumstances that might cause evacuation. Contango must amend its CRMP to include reference to the evacuation procedures of SOG#2019-1. Contango must amend its SOG#2019-1 to describe the circumstances that might cause evacuation.

5. § 195.446 Control room management.

(a)

(b) ***Roles and responsibilities.*** Each operator must define the roles and responsibilities of a controller during normal, abnormal, and emergency operating conditions. To provide for a controller's prompt and appropriate response to operating conditions, an operator must define each of the following:

(1)

(5) **The roles, responsibilities and qualifications of others who have the authority to direct or supersede the specific technical actions of controllers.**

Contango's procedures were inadequate to assure the safe operation of a pipeline facility. Specifically, the Contango procedures did not address who has the authority to direct or supersede the specific technical actions of a controller. Contango must amend its procedures to define the roles, responsibilities and qualifications of others who have the authority to direct or supersede the specific technical actions of controllers.

6. § 195.446 Control room management.

(a)

(c) ***Provide adequate information.*** Each operator must provide its controllers with the information, tools, processes and procedures necessary for the controllers to carry out the roles and responsibilities the operator has defined by performing each of the following:

(1) Implement API RP 1165 (incorporated by reference, see § 195.3) whenever a SCADA system is added, expanded or replaced, unless the operator demonstrates that certain provisions of API RP 1165 are not practical for the SCADA system used;

Contango's procedures were inadequate to assure the safe operation of a pipeline facility. Specifically, the Contango procedures did not define the types of changes to the SCADA system(s) that constitute additions, expansions, or replacements under the meaning of the CRM rule. Contango must amend its procedures to define the types of changes to the SCADA system(s) that constitute additions, expansions, or replacements under the meaning of the CRM rule. Additionally, Contango must amend its procedures to include implementation instructions for implementing API RP 1165 display standards to any SCADA systems that have been added, expanded, or replaced since August 1, 2012.

7. § 195.446 Control room management.

(a)

(c) *Provide adequate information.* Each operator must provide its controllers with the information, tools, processes and procedures necessary for the controllers to carry out the roles and responsibilities the operator has defined by performing each of the following:

(1)

(2) Conduct a point-to-point verification between SCADA displays and related field equipment when field equipment is added or moved and when other changes that affect pipeline safety are made to field equipment or SCADA displays; ...

Contango's procedures were inadequate to assure the safe operation of a pipeline facility. Specifically, the Contango CRMP did not adequately define the terms 'point' or 'safety-related point' as they relate to the Contango SCADA system. Additionally, the Contango CRMP did not have a process for the implementation of new points or for verification of existing points on the pipeline.

Contango must amend its procedures to define the terms 'point' or 'safety-related point' as they relate to the Contango SCADA system. Additionally, Contango must amend its procedures to provide detailed instructions for the implementation and documentation of new points on the SCADA system and the verification of existing points on the SCADA system.

8. § 195.446 Control room management.

(a)

(e) *Alarm management.* Each operator using a SCADA system must have a written alarm management plan to provide for effective controller response to alarms.

Contango's procedures were inadequate to assure the safe operation of a pipeline facility. Specifically, the Contango CRMP did not contain the following critical alarm management topical areas for effective controller response to alarms: alarm philosophy, alarm identification,

alarm rationalization, detailed alarm design, or alarm implementation. Contango must amend its procedures to include the missing critical alarm management topical areas for effective controller response to alarms.

9. § 195.446 Control room management.

(a)

(e) *Alarm management.* Each operator using a SCADA system must have a written alarm management plan to provide for effective controller response to alarms. An operator's plan must include provisions to:

(1) Review SCADA safety-related alarm operations using a process that ensures alarms are accurate and support safe pipeline operations;

Contango's procedures were inadequate to assure the safe operation of a pipeline facility. Specifically, the Contango CRMP did not contain procedures to identify and correct inaccurate or malfunctioning alarms. Contango must amend its procedures to include detailed instructions on the identification, documentation, and correction of inaccurate or malfunctioning alarms.

Additionally, the Contango CRMP does not contain procedures describing the process by which alarms are inhibited. Contango must amend its procedures to include detailed instructions describing the process by which alarms are inhibited and returned to service.

10. § 195.446 Control room management.

(a)

(e) *Alarm management.* Each operator using a SCADA system must have a written alarm management plan to provide for effective controller response to alarms. An operator's plan must include provisions to:

(1)

(3) Verify the correct safety-related alarm set-point values and alarm descriptions when associated field instruments are calibrated or changed and at least once each calendar year, but at intervals not to exceed 15 months; ...

Contango's procedures were inadequate to assure the safe operation of a pipeline facility. Specifically, the Contango CRMP did not contain procedures to determine the correct alarm setpoint values and alarm descriptions. Contango must amend its procedures to include detailed instructions describing the process by which alarm setpoint values and alarm descriptions are determined.

11. § 195.446 Control room management.

(a)

(e) *Alarm management.* Each operator using a SCADA system must have a written alarm management plan to provide for effective controller response to alarms. An operator's plan must include provisions to:

(1)

(4) Review the alarm management plan required by this paragraph at least once each calendar year, but at intervals not exceeding 15 months, to determine the effectiveness of the plan;

Contango's procedures were inadequate to assure the safe operation of a pipeline facility. Specifically, the Contango CRMP did not contain procedures to review the alarm management plan required by this paragraph at least once each calendar year, but at intervals not exceeding 15 months, to determine the effectiveness of the plan. Contango must amend its procedures to include detailed instructions for the review and documentation of the alarm management plan as required by § 195.446(e)(4).

12. § 195.446 Control room management.

(a)

(f) *Change management.* Each operator must assure that changes that could affect control room operations are coordinated with the control room personnel by performing each of the following:

(1) Implement section 7 of API RP 1168 (incorporated by reference, see § 195.3) for control room management change and require coordination between control room representatives, operator's management, and associated field personnel when planning and implementing physical changes to pipeline equipment or configuration; ...

Contango's procedures were inadequate to assure the safe operation of a pipeline facility. Specifically, the Contango CRMP did not contain procedures describing how coordination between control room representatives, operator's management, and associated field personnel when planning and implementing physical changes to pipeline equipment or configurations are managed. Contango must amend its procedures to provide detailed instructions describing how control room representatives, operator's management, and associated field personnel coordinate and manage the process when planning and implementing physical changes to pipeline equipment or configurations.

13. § 195.446 Control room management.

(a)

(h) *Training.* Each operator must establish a controller training program and review the training program content to identify potential improvements at least once each calendar year, but at intervals not to exceed 15 months. An operator's program must provide for training each controller to carry out the roles and responsibilities defined by the operator. In addition, the training program must include the following elements:

(1)

(6) Control room team training and exercises that include both controllers and other individuals, defined by the operator, who would reasonably be expected to operationally collaborate with controllers (control room personnel) during normal,

abnormal or emergency situations. Operators must comply with the team training requirements under this paragraph no later than January 23, 2018.

Contango's procedures were inadequate to assure the safe operation of a pipeline facility. Specifically, the Contango procedures did not address § 195.446(h)(6). Contango must amend its procedures and develop control room team training and exercises that include both controllers and other individuals who would reasonably be expected to operationally collaborate with controllers.

14. § 195.446 Control room management.

(a)

(i) *Compliance validation.* Upon request, operators must submit their procedures to PHMSA or, in the case of an intrastate pipeline facility regulated by a State, to the appropriate State agency.

Contango's procedures were inadequate to assure the safe operation of a pipeline facility. Specifically, the Contango procedures did not require that Contango submit their procedures to PHMSA or, in the case of an intrastate pipeline facility regulated by a State, to the appropriate State agency. Contango must amend its procedures to comply with § 195.446(i).

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. 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, revised procedures, or a request for a hearing under §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 an Order Directing Amendment. If your plans or procedures are found inadequate, as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within **60** days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Contango maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Dustin Hubbard, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 5-2023-036-NOA**, 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: *Response Options for Pipeline Operators in Enforcement Proceedings*

cc: PHP-60 Compliance Registry
PHP-500 J. Dunphy (#22-239214)
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