DCOR

November 7, 2023

Mr. Dustin Hubbard
Director, Western Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration
12300 W. Dakota Ave. Suite 110
Lakewood, CO 80228

Re: Response to Findings PHMSA Notice Of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order
CPF 5-2023-037-NOPV

Dear Mr. Hubbard:

From September 12 through 16, 2022, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) conducted an on-site pipeline safety inspection of the pipeline system that serves the Platform Gina, Platform Gilda and the Mandalay Onshore Separation Facility (MOSF) of DCOR, LLC (DCOR) in Ventura, California.

As a result of the inspection, PHMSA issued a Notice Of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order dated September 18, 2023, addressing seven (7) probable violations of the pipeline safety regulations in 49 C.F.R. Part 195. With respect to items 1 to 7, PHMSA proposed to issue a Compliance Order (PCO) to DCOR LLC, which was enclosed and made a part of the Notice. With respect to Item #6, PHMSA recommended a civil penalty of $81,900.

DCOR is proud of our pipeline safety program and has committed significant resources to proactively managing our pipeline assets, is working diligently to resolve the findings, and has provided additional data and information in response to the Compliance Order. DCOR also understands that improvements and enhancements are integral to the success of our programs. Such PHMSA inspections provide a valuable opportunity for such improvements. This improvement has been noted and discussed during the 2023 inspections as well.

The purpose of this letter and attached Response to Findings is to provide a formal response to the Compliance Order and provide additional clarifying information for each of the seven items. It is always DCOR's intent to comply with all PHMSA and other regulatory requirements, as well as to address any known findings/deficiencies when identified by PHMSA. It is our full intention that the actions taken to correct the violations will address PHMSA's concerns.

With consideration of the records provided in this letter, and the significant progress DCOR has made to ensure pipeline compliance and integrity, DCOR respectfully requests reconsideration of the proposed civil penalty for Item #6.

Please contact Dave Willis at (435) 549-7031, or at dwillis@dcorllc.com if there are any questions or comments.

Sincerely,

Scott Knight
Vice President - HSE & Regulatory
DCOR, LLC

ATTACHMENTS

1) **Flash Drive containing:**
   a. **Public Awareness Documentation**
   b. **SDV Inspections**
   c. **All OQ Training**
   d. **ERP Drills**
   e. **ERP Drills**
   f. **Gina and Gilda Oil Pipeline CRAs**
   g. **IMP 04 Evaluation 2023**
   h. **Atmospheric Corrosion Inspections Gina Gilda**
   i. **Atmospheric Corrosion Inspections Mandalay**
      i. **(includes Gina oil excavation)**
   j. **Cathodic Protection Surveys and Readings**
      Gina and Gilda Oil Pipeline CRA
   k. **ERP and PSOM Review and checklist**

ATTACHMENT 1 - RESPONSE TO FINDINGS

1) § 195.402 Procedural manual for operations, maintenance, and emergencies.

DCOR failed to follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies on two occasions:

(1) DCOR failed to follow its Operation, Maintenance & Emergency Plan (OME) Hazardous Liquid & Natural Gas Pipeline Procedures, HL3.04, Section 5.1.21 . At the time of PHMSA inspection, DCOR could not provide the 2019, 2020, 2021, and 2022 records to demonstrate that liaison with fire, police, and other appropriate public officials to learn the responsibility and resources of each government organization that may respond to a hazardous liquid or carbon dioxide pipeline emergency and acquaint the officials with the operator's ability in responding to a hazardous liquid or carbon dioxide pipeline emergency and means of communication has been established and maintained.

DCOR Response: Though the required activities were performed and documented, at the time of the inspection, the new DCOR integrity manager did not have access to the online portal with Paradigm that contained all of this data. The required data is provided as **Attachment 1(a)**.

(2) DCOR failed to follow its HL3.04 - Operation, Maintenance & Emergency Plan (OME) Hazardous Liquid & Natural Gas Pipeline Procedures, HL 7.01, Section 42 . At the time of the PHMSA Inspection, DCOR could not provide 2019, 2020, 2021, and 2022 records to demonstrate that valve SDV-11A has been inspected as required by § 195.420. IES failed to repair the roof of Tank 12 in accordance with API Std 653, as required by § 195.205(b)(1). Tank 12 is an atmospheric pressure breakout tank built to API Std 12C.

DCOR Response: At the time of the inspection, the new DCOR integrity manager did not know the location of the requested compliance records. Inspection records for SDV 11-A from 2019 to 2022 are included as **Attached 1(b)**.

2) § 195.403 Emergency response training. (a) Each operator shall establish and conduct a continuing training program to instruct emergency response personnel to:

DCOR failed to conduct a continuing training program to instruct emergency response personnel to: (1) Carry out the emergency procedures established under 195.402 that relate to their assignments; (2) Know the characteristics and hazards of the hazardous liquids or carbon dioxide transported, including, in case of flammable HVL, flammability of mixtures with air, odorless vapors, and water reactions; (3) Recognize conditions that are likely to cause emergencies, predict the consequences of facility malfunctions or failures and hazardous liquids or carbon dioxide spills, and take appropriate corrective action; (4) Take steps necessary to control any accidental release of hazardous liquid or carbon dioxide and to minimize the potential for fire, explosion, toxicity, or environmental damage; and (5) Learn the potential causes, types, sizes, and consequences of fire and the appropriate use of portable fire extinguishers and other on-site fire control equipment, involving, where feasible, a simulated pipeline emergency condition. At the time of PHMSA inspection, DCOR could not provide the 2019, 2020, 2021, and 2022 records to demonstrate compliance with § 195.403(a).

DCOR Response: At the time of the inspection, the new DCOR integrity manager did not know the location of the requested compliance records. Provided as **Attachment 1(c)** are the requested records for the four DCOR employees who worked at the facilities at the time of the audit. In addition to their routine OQ training, we have attached the following:

- Fire extinguisher training
- H2S
- HAZWOPR
- Explosive and hazardous chemicals
- AOCs
- Hazards Communication

DCOR is also in the process of building additional pipeline-specific emergency response training to include in the PetroSkills OQ program.

3) § 195.403 Emergency response training. (b) At the intervals not exceeding 15 months, but at least once each calendar year, each operator shall: (1) Review with personnel their performance in meeting the objectives of the emergency response training program set forth in paragraph (a) of this section; and (2) Make appropriate changes to the emergency response training program as necessary to ensure that it is effective.

DCOR failed to, at intervals not exceeding 15 months, but at least once each calendar year, review with personnel their performance in meeting the objectives of the emergency response training program set forth in § 195.403(a) and make appropriate changes to the emergency response training program as necessary to ensure that it is effective. At the time of the PHMSA inspection, DCOR could not provide the 2019, 2020, 2021, and 2022 records to demonstrate compliance with § 195.403(b).

DCOR Response: DCOR utilizes Compliance Form 17.01 which includes the Emergency Response Plan (ERP) annual drill, ERP review, and verification of supervisor knowledge. At the time of the inspection, the new DCOR integrity manager did not know the location of the requested compliance records. Included at **Attachment 1(d)** are the requested drills from 2019 to 2021.

4) § 195.403 Emergency response training. (c) Each operator shall require and verify that its supervisors maintain a thorough knowledge of that portion of the emergency response procedures established under 195.402 for which they are responsible to ensure compliance.

DCOR failed to require and verify its supervisors to maintain a thorough knowledge of that portion of the emergency response procedures established under § 195.402, for which they are responsible to ensure compliance. Specifically, at the time of PHMSA Inspection, DCOR could not provide the 2019, 2020, 2021, and 2022 records to demonstrate compliance with § 195.403(c).

DCOR Response: DCOR utilizes Form 17.01 which includes the ERP annual drill, ERP review, and verification of supervisor knowledge. Included as **Attachment 1(e)** are the requested documents from 2019 to 2021.

5) § 195.452 Pipeline integrity management in high consequence areas. (i) What preventive and mitigative measures must an operator take to protect the high consequence area? – (3) Leak detection. An operator must have a means to detect leaks on its pipeline system. An operator must evaluate the capability of its leak detection means and modify, as necessary, to protect the high consequence area. An operator's evaluation must, at least, consider, the following factors - length and size of the pipeline, type of product carried, the pipeline's proximity to the high consequence area, the swiftness of leak detection, location of nearest response personnel, leak history, and risk assessment results.

At the time of PHMSA inspection, DCOR could not provide records to demonstrate that the capability of its leak detection system has been evaluated. Also, DCOR could not provide initial system testing records of its CPM leak detection system and records to demonstrate that the leak detection system's related components, such as pressure transmitters and the Coriolis meter, have been calibrated and maintained.

DCOR Response: Though the existing leak detection system (LDS) includes a computational pipeline monitoring (CPM) system designed and implemented as required by BSEE and the California Coastal Commission, DCOR had not formally documented the LDS effectiveness evaluation at the time of the inspection. DCOR has, however, contracted with our Integrity Management consultant to perform the required evaluations, including the Best Available Technology (BAT) assessment required under the Elder California Pipeline Safety Act. The LDS/BAT assessment is schedule to be completed by December 15, 2023.

6) § 195.452 Pipeline integrity management in high consequence areas. (l) What records must an operator keep to demonstrate compliance? (1) An operator must maintain, for the useful life of the pipeline, records that demonstrate compliance with the requirements of this subpart. At a minimum, an operator must maintain the following records for review during an inspection: (ii) Documents to support the decisions and analyses, including any modifications, justifications, deviations and determinations made, variances, and actions taken, to implement and evaluate each element of the integrity management program listed in paragraph (f) of this section.

DCOR failed to maintain documents to support the decisions and analyses, including any modifications, justifications, deviations and determinations made, variances, and actions taken, to implement and evaluate each element of the integrity management program listed in § 195.452(f) on multiple occasions:

(1) At the time of PHMSA inspection, DCOR could not provide records to demonstrate that all available information about the integrity of its entire pipeline and the consequences of a possible failure along the pipeline has been analyzed as required by §195.452(g).

DCOR Response: DCOR provided all ILI data, corrosion coupon, atmospheric inspection data, and cathodic protection data. In addition, DCOR has monthly pipeline integrity meetings along with formal ILI reviews where all integrity data is reviewed and evaluated. DCOR can provide any other PHMSA-required data if requested.

(2) At the time of PHMSA inspection, DCOR could not provide records to demonstrate that facilities and pipeline preventive and mitigative actions have been considered and implemented as required by §195.452(i).

DCOR Response: At the time of the inspection, the DCOR integrity team was unable to locate formal records addressing the risk assessments. Since that time, however, DCOR has performed Comprehensive Risk Assessments (CRAs) on the Gilda and Gina oil pipelines that include preventive and mitigative measures based on the evaluated risks. Copies of these CRAs are included as **Attachment 1(f)**.

(3) At the time of PHMSA inspection, DCOR could not provide records to demonstrate that they have conducted periodic evaluations of the effectiveness of its IM Program in assessing and evaluating the integrity of each pipeline segment and in protecting HCAs as required by §195.452(k).

DCOR Response: At the time of the inspection, the DCOR integrity team was unable to locate formal records of the program performance evaluation. Since that time, however, DCOR has overhauled our IMP program, including the addition of Form IMP 04, IMP Program Performance Measures. The form has additionally been completed and provided as **Attachment 1(g)**.

7) § 195.589 What corrosion control information do I have to maintain? (c) You must maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist. You must retain these records for at least 5 years, except that records related to §§ 195.569, 195.573(a) and (b), and 195.579(b)(3) and (c) must be retained for as long as the pipeline remains in service.

DCOR failed to maintain a record to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist:

(a) At the time of PHMSA Inspection, DCOR could not provide the 2019, 2020 and 2021 records for Platform Gilda, and the 2019, 2020, 2021 and 2022 records for Platform Gina to demonstrate that pipeline or portion of the pipeline that is exposed to the atmosphere has been inspected for evidence of atmosphere corrosion at least once each calendar year, but with intervals not exceeding 15 months as required by §195.583(a).

DCOR Response: At the time of the inspection, the new DCOR integrity manager did not know the location of the requested compliance records. Included as **Attachment 1(h)** are the Gild and Gina external corrosion inspections for 2019 to 2022.

(b) At the time of PHMSA Inspection, DCOR could not provide records to demonstrate that pipeline or portion of the Gilda's Onshore pipeline that is exposed to the atmosphere at Mandalay Onshore Separation Facility (MOSF) has been inspected for evidence of atmosphere corrosion at least every 3 calendar years, but with intervals not exceeding 39 months as required by §195.583(a). In addition, during the field portion of the inspection, PHMSA inspector observed and photographed above ground pipeline and its components that were inadvertently buried. These pipelines and components show signs of severe atmospheric corrosion.

DCOR Response: At the time of the inspection, the new DCOR integrity manager did not know the location of the requested compliance records. Included as **Attachment 1(i)** are the atmospheric corrosion inspections at Mandalay for 2020 and 2022. Also included are photos of the excavation performed on the partially buried pipeline referenced above. This line was not "inadvertently" buried, as this section was once fully buried. However, as time and weather progressed, the line became partially exposed. UT inspection showed the line was in good condition except one anomaly on the 3" section. This spool piece is schedule for replacement during a planned shutdown in December.

(c) At the time of PHMSA Inspection, DCOR could not provide the 2019, 2020, 2021, and 2022 records to demonstrate that the proper performance of the rectifier has been electrically checked at least six times each calendar year, but with intervals not exceeding 2 ½ months as required by §195.573(c).

DCOR Response: At the time of the inspection, the new DCOR integrity manager did not know the location of the requested compliance records. Included as **Attachment 1(j)** are the rectifier readings from Mandalay for 2019 to 2023. Also included are the Bi-Monthly rectifier and bond surveys performed by Farwest Corrosion for 2022 and 2023. In 2023, DCOR installed a new 50-50 Pro rectifier and anode ground bed at Mandalay to bring the cathodic protection up to the highest standards to help ensure the integrity of our pipelines.