

April 16, 2025

VIA ELECTRONIC MAIL TO: martyn.willsher@amplifyenergy.com

Mr. Martyn Willsher
President and Chief Executive Officer
Amplify Energy Corp.
111 Ocean Boulevard, Suite 1240
Long Beach, CA 90802

CPF Nos. 5-2023-041-NOA & 5-2023-042-NOPV

Dear Mr. Willsher:

Enclosed please find a Consent Order incorporating the terms of the Consent Agreement between the Pipeline and Hazardous Materials Safety Administration (PHMSA) and Beta Operating Company, LLC d/b/a Beta Offshore, which was executed on March 26, 2025. Service of the Consent Order and Consent Agreement by electronic mail is deemed effective upon the date of transmission and acknowledgement of receipt, or as otherwise provided under 49 CFR § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure: Consent Order and Consent Agreement

cc: Dustin Hubbard, Director, Western Region, Office of Pipeline Safety, PHMSA

Brianne Kurdock, Esq., Counsel for Respondent, Babst Calland, bkurdock@babstcalland.com.

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In the Matter of	)	
	)	
Beta Offshore,	)	CPF Nos. 5-2023-041-NOA &
a subsidiary of Amplify Energy, Inc.,	)	5-2023-042-NOPV
	)	
Respondent.	)	
	)	

Date Issued

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

In the Matter of

Beta Offshore
a subsidiary of Amplify Energy Corp.

Respondent.

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) **CPF No. 5-2023-041-NOA &**
) **CPF No. 5-2023-042-NOPV**
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CONSENT AGREEMENT

From November 28 through December 2, 2022, representatives 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.), conducted an on-site pipeline safety inspection of the facilities and records of Beta Operating Company, LLC d/b/a Beta Offshore (Beta or Respondent) control room in Long Beach, California.

As a result of the inspection, the Director, Western Region, OPS (Director), issued to Respondent, by letters dated December 26, 2023, a Notice of Amendment (NOA) and Notice of Probable Violation and Proposed Compliance Order (NOPV), which also included a warning pursuant to 49 CFR § 190.205. In accordance with 49 CFR § 190.206, PHMSA alleged inadequacies in Beta's procedures. In accordance with 49 CFR § 190.207, PHMSA alleged that Beta had committed three violations of 49 CFR Part 195 (Items 1, 2, and 4), and proposed ordering Respondent to take certain measures to correct the alleged violations. The NOPV also included a warning item (Item 3) and advised the operator to correct the probable violation or face potential future enforcement action.

On January 19, 2024, Beta responded to the NOA and NOPV (the Notices). Beta requested an informal conference, or alternatively, an administrative hearing. Thereafter, Respondent and PHMSA (collectively, the Parties) met on several occasions to discuss the allegations. Between September and December 2024, the Parties discussed amendments of the relevant procedures. As a result, the Parties have agreed to resolve this matter via consent order and agreement. This Agreement will serve the public interest by promoting safety and protection of the environment. Pursuant to 49 U.S.C. § 60101, *et seq.* and 49 CFR Part 190, and upon consent and agreement, the Parties hereby agree as follows:

I. General Provisions

1. Respondent acknowledges that as the operator of the pipeline facilities subject to the Notices, Respondent and its referenced pipeline facilities are subject to the jurisdiction of the Federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations and administrative orders issued thereunder. For purposes of this Consent Agreement (Agreement), Respondent acknowledges that it received proper notice of PHMSA's actions in these proceedings and that the Notices state claims upon which relief may be granted pursuant to 49 U.S.C. § 60101, *et seq.*, and the regulations and orders issued thereunder.

2. After Respondent returns this signed Agreement to PHMSA, the Agency's representative will present it to the Associate Administrator for Pipeline Safety, recommending that the Associate Administrator adopt the terms of this Agreement by issuing an administrative order (Consent Order) incorporating the terms of this Agreement. The terms of this Agreement constitute an offer of settlement until accepted by the Associate Administrator. Once accepted, the Associate Administrator will issue a Consent Order incorporating the terms of this Agreement.

3. Respondent consents to the issuance of the Consent Order, and hereby waives any further procedural requirements with respect to its issuance. Respondent waives all rights to contest the adequacy of notice, or the validity of the Consent Order or this Agreement, including all rights to administrative or judicial hearings or appeals, except for the Dispute Resolution provisions set forth herein. Respondent agrees to withdraw its requests for an administrative hearing in these matters upon receipt of the Consent Order.

4. This Agreement shall apply to and be binding upon PHMSA and Respondent, its officers, directors, and employees, and its successors, assigns, or other entities or persons otherwise bound by law. Respondent agrees to provide a copy of this Agreement and any incorporated work plans and schedules to all of Respondent's officers, employees, and agents whose duties might reasonably include compliance with this Agreement.

5. This Agreement constitutes the final, complete and exclusive agreement and understanding between the Parties with respect to the settlement embodied in this Agreement. The Parties acknowledge that there are no representations, agreements or understandings relating to settlement other than those expressly contained in this Agreement, except that the terms of this Agreement may be construed by reference to the Notices.

6. Nothing in this Agreement affects or relieves Respondent of its responsibility to comply with all applicable requirements of the Federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations and orders issued thereunder. Nothing in this Agreement alters PHMSA's right of access, entry, inspection, and information gathering or PHMSA's authority to bring enforcement actions against Respondent pursuant to the Federal pipeline safety laws, the regulations and orders issued thereunder, or any other provision of Federal or State law.

7. For all transfers of ownership or operating responsibility of Respondent's pipeline system referenced herein, Respondent will provide a copy of this Agreement to the prospective

transferee at least 30 days prior to such transfer. Respondent will provide written notice of the transfer to the Director no later than 60 days after the transfer occurs.

8. This Agreement does not waive or modify any Federal, State, or local laws or regulations that are applicable to Respondent's pipeline systems. This Agreement is not a permit, or a modification of any permit, under any Federal, State, or local laws or regulations. Respondent remains responsible for achieving and maintaining compliance with all applicable Federal, State, and local laws, regulations and permits.

9. This Agreement does not create rights in, or grant any cause of action to, any third party, not party to this Agreement. The U.S. Department of Transportation is not liable for any injuries or damages to persons or property arising from acts or omissions of Respondent or its officers, employees, or agents carrying out the work required by this Agreement. Respondent agrees to hold harmless the U.S. Department of Transportation, its officers, employees, agents, and representatives from any and all causes of action arising from any acts or omissions of Respondent or its contractors in carrying out any work required by this Agreement.

10. Respondent neither admits nor denies any allegations or conclusions in the Notices. Respondent agrees for purposes of this Agreement to accept the allegations in the NOA and NOPV as findings and to comply with the terms of this Agreement.

11. This Agreement does not constitute a finding of violation of any other federal law or regulation and may not be used in any civil proceeding of any kind as evidence or proof of any fact, fault or liability, or as evidence of a violation of any law, rule, regulation, or requirement, except in a proceeding to enforce the provisions of this Agreement.

II. Findings of Inadequacy - NOA

12. ***Item 1 - 49 CFR § 195.402(a)***: The NOA alleged Beta's Pipeline Specific Operations and Maintenance Manual (O&M Manual), Section 19 – Control Management, did not contain instructions for conducting and documenting the annual review required by the pipeline safety regulations. Beta contested this Item and the Parties engaged in discussions to clarify the allegations in the NOA. Without admission, Respondent accepts the procedures as alleged in the NOA as inadequate and has developed revised procedures which have been submitted to PHMSA for review. The Director has accepted these revised procedures as adequate, and no further action is necessary.

13. ***Item 2 - 49 CFR § 195.446(b)(1)***: The NOA alleged Beta's procedures failed to clearly define the roles and responsibilities of controllers during normal operating conditions including when making onshore deliveries to the Crimson Pipeline. Beta contested this Item and the Parties engaged in discussions to clarify the allegations in the NOA. Beta is currently in the process of amending the procedures. PHMSA commends Beta's prompt efforts to strengthen its procedures to ensure pipeline safety. Without admission, Respondent accepts the procedures as alleged in the NOA as inadequate.

14. **Item 3 - 49 CFR § 195.446(c)(1):** The NOA alleged Beta's procedures failed to clearly define the types of changes to the SCADA system that constitute additions, expansion and replacements that would require implementation of API RP 1165. Beta contested this Item and the Parties engaged in discussions to clarify the allegations in the NOA. Without admission, Respondent accepts the procedures as alleged in the NOA as inadequate and has developed revised procedures which have been submitted to PHMSA for review. The Director has accepted these revised procedures as adequate, and no further action is necessary.

15. **Item 4 - 49 CFR § 195.446(c)(2):** The NOA alleged Beta's procedures did not define the terms "point" and "safety-related point" and did not define a process for establishing points on a pipeline including how to select initial setpoint values for points on the pipeline. Beta contested this Item and the Parties engaged in discussions to clarify the allegations in the NOA. Without admission, Respondent accepts the procedures as alleged in the NOA as inadequate and has developed revised procedures which have been submitted to PHMSA for review. The Director has accepted these revised procedures as adequate, and no further action is necessary.

16. **Item 5 - 49 CFR § 195.446(d)(1):** The NOA alleged Beta's procedures did not address methods to mitigate travel fatigue associated with controllers commuting long distances for their first controller shift at the duty station. Beta contested this Item and the Parties engaged in discussions to clarify the allegations in the NOA. Without admission, Respondent accepts the procedures as alleged in the NOA as inadequate and has developed revised procedures which have been submitted to PHMSA for review. The Director has accepted these revised procedures as adequate, and no further action is necessary.

III. Findings of Violation - NOPV

17. **Item 1 - 49 CFR § 195.446(c)(3):** The NOPV alleged Beta failed to test and verify its internal communication plan as required. Specifically, the NOPV alleged that during inspection, Beta failed to provide records demonstrating that Beta had tested and verified its internal communications plan at least once each calendar year, but at intervals not to exceed 15 months, as required by its O&M Manual for the calendar years of 2018, 2019, 2020, 2021 and 2022. Beta contested this Item and the Parties engaged in discussions to clarify the allegations in the NOPV. Without admission, Beta accepts PHMSA's finding of violation of 49 CFR § 195.446(c)(3).

18. **Item 2 - 49 CFR § 195.446(c)(4):** The NOPV alleged that Beta failed to test its backup SCADA systems as required. Specifically, the NOPV alleged that during the inspection, Beta could not provide records to demonstrate that Beta had tested its backup SCADA systems at least once each calendar year, but at intervals not to exceed 15 months, for the calendar years of 2018, 2019, 2020, 2021 and 2022. Beta contested this Item and the Parties engaged in discussions to clarify the allegations in the NOPV. Beta is currently in the process of amending the procedures. PHMSA commends Beta's prompt efforts to strengthen its procedures to ensure pipeline safety. Without admission, Beta accepts PHMSA's finding of violation of 49 CFR § 195.446(c)(4).

19. **Item 4 - 49 CFR § 195.446(e)(4):** The NOPV alleged Beta failed to conduct a review of the alarm management plan at least once each calendar year, but at intervals not exceeding 15 months, to determine the effectiveness of the plan, as required. Specifically, the

NOPV alleged that during the inspection, Beta could not provide any documentation demonstrating a review of its alarm management plan. Beta contested this Item and the Parties engaged in discussions to clarify the allegations in the NOPV. Without admission, Beta accepts PHMSA's finding of violation of 49 CFR § 195.446(e)(4).

20. Items 1, 2, and 4 will be considered by PHMSA as prior offenses in any future PHMSA enforcement action taken against Respondent for the five (5) year period following the *Effective Date* of this Agreement.

IV. Warning Item:

21. **Item 3 - 49 CFR § 195.446(e)(3):** The NOPV alleged that Beta failed to 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, as required. Specifically, the NOPV alleged that a review of Beta's records during the inspection revealed that the 2019 and 2020 reviews of safety-related alarm set-point values and alarm descriptions exceeded the 15-month maximum review interval as the 2019 review was dated May 19, 2019, and the 2020 review was dated September 20, 2020. This Item was brought as a warning item and does not constitute a finding of violation.

22. For Warning Item 3, if OPS finds a violation of this provision in a subsequent inspection, Respondent may be subject to future enforcement action.

V. Compliance Terms:

23. **Item 2 (NOA) – 49 CFR § 195.446(b)(1):** As stated above, the NOA alleged Beta's procedures failed to clearly define the roles and responsibilities of controllers during normal operating conditions including when making onshore deliveries to the Crimson Pipeline.

Beta must amend its procedures to clearly define the roles and responsibilities of the controllers during normal operating conditions including when making onshore deliveries on the Crimson Pipeline within **90** days of the *Effective Date*.

24. **Item 1 (NOPV) - 49 CFR § 195.446(c)(3):** The NOPV proposed certain compliance actions to address the allegations in the NOPV. Beta contested the proposed actions and the Parties engaged in discussions to clarify the proposal. Respondent developed a revised internal communication plan and submitted it to PHMSA for review. PHMSA finds these revisions acceptable.

Beta must conduct the required testing and verification of the amended internal communications plan within **120** days of the *Effective Date*.

25. **Item 2 (NOPV) - 49 CFR § 195.446(c)(4):** The NOPV proposed certain compliance actions to address the allegations in the NOPV. Beta contested the proposed actions and the Parties engaged in discussions to clarify the proposal. Beta is currently in the process of amending its procedures to allow for the testing of Elly personnel who, in an emergency, can

make deliveries to downstream pipelines. Beta will also amend its procedures to allow for the testing of the backup SCADA system including the testing of the backup servers that were not in existence at the time of the inspection.

Beta must complete those amendments and submit the revised procedures along with records demonstrating that the procedures have been tested within **120** days of the *Effective Date*.

26. *Item 4 (NOPV) - 49 CFR § 195.446(e)(4)*: The NOPV proposed certain compliance actions to address the allegations in the NOPV. Beta contested the proposed actions and the Parties engaged in discussions to clarify the proposal. Respondent developed a revised Alarm Management Plan procedures and submitted it to PHMSA for review. PHMSA finds these revisions acceptable.

Beta must conduct a review of the amended Alarm Management Plan and submit records of that review within **120** days of the *Effective Date*.

VI. Enforcement:

27. This Agreement is subject to all enforcement authorities available to PHMSA under 49 U.S.C. § 60101, *et seq.*, and 49 CFR Part 190, including administrative civil penalties under 49 U.S.C. § 60122, of up to \$266,015 per violation for each day the violation continues and referral of the case to the Attorney General for judicial enforcement, if PHMSA determines that Respondent is not complying with the terms of this Agreement in accordance with the determinations made by the Director, or in accordance with decisions of the Associate Administrator if resolved pursuant to the Dispute Resolution process herein. The maximum civil penalty amounts are adjusted annually for inflation. *See* 49 CFR § 190.223. All time frames to complete the compliance terms referenced in Section V (Compliance Terms) are automatically incorporated into this Agreement and are enforceable in the same manner.

VII. Review and Approval Process:

28. With respect to any submission under Section V (Compliance Terms) of this Agreement that requires the approval of the Director, the Director may: (a) approve, in whole or in part, the submission; (b) approve the submission on specified, reasonable conditions; (c) disapprove, in whole or in part, the submission; or (d) any combination of the foregoing. If the Director approves, approves in part, or approves with conditions, Respondent will take all actions as approved by the Director, subject to Respondent's right to invoke the dispute resolution procedures with respect to any conditions the Director identifies. If the Director disapproves all or any portion of the submission, the Director will provide Respondent a written notice of the deficiencies. Respondent will correct all deficiencies within the time specified by the Director and resubmit it for approval.

VIII. Dispute Resolution:

29. The Director and Respondent will informally attempt to resolve any disputes arising under this Agreement, including any decision of the Director under the terms of Section V

(Compliance Terms). If Respondent and the Director are unable to informally resolve the dispute within 15 calendar days after the dispute is first raised, in writing, to the Director, Respondent may submit a written request for a determination resolving the dispute from the Associate Administrator for Pipeline Safety, PHMSA. Such request must be made in writing and provided to the Director, counsel for the Western Region, and to the Associate Administrator for Pipeline Safety, no later than 10 calendar days from the 15-day deadline for informal resolution referenced in this paragraph. Along with its request, Respondent must provide the Associate Administrator with all information Respondent believes is relevant to the dispute. Decisions of the Associate Administrator under this paragraph will constitute final agency action. The existence of a dispute and PHMSA's consideration of matters placed in dispute will not excuse, toll, or suspend any term or timeframe for completion of any work to be performed under this Agreement during the pendency of the dispute resolution process.

IX. Effective Date:

30. The term "Effective Date," as used herein, is the date on which the Consent Order is issued by the Associate Administrator, PHMSA, incorporating the terms of this Agreement.

X. Recordkeeping and Information Disclosure:

31. Unless otherwise required in this Agreement, Respondent agrees to maintain records demonstrating compliance with all requirements of this Agreement for a period of at least five (5) years following completion of all work to be performed. For any reports, plans, or other deliverables required to be submitted to PHMSA pursuant to this Agreement, Respondent may assert a claim of business confidentiality or other protections applicable to the release of information by PHMSA, covering part or all of the information required to be submitted to PHMSA pursuant to this Agreement in accordance with 49 CFR Part 7. Respondent must mark the claim of confidentiality in writing on each page and include a statement specifying the grounds for each claim of confidentiality. PHMSA determines release of any information submitted pursuant to this Agreement in accordance with 49 CFR Part 7, the Freedom of Information Act, 5 U.S.C. § 552, DOT and PHMSA policies, and other applicable regulations and Executive Orders.

XI. Modification:

32. The terms of this Agreement may be modified by mutual agreement of the Parties. Such modifications must be in writing and signed by both parties.

XII. Termination:

33. This Agreement will remain in effect until the Compliance Terms in Section V are deemed satisfied, as determined by the Director. The Agreement shall not terminate until the Director confirms, in writing, that the Agreement is terminated in accordance with this paragraph. Nothing in this Agreement prevents Respondent from completing any of the obligations earlier than the deadlines provided for in this Agreement.

XIII. Ratification:

34. The Parties' undersigned representatives certify that they are fully authorized to enter into the terms and conditions of this Agreement and to execute and legally bind such party to this document.

35. The Parties hereby agree to all findings, conditions, and terms of this Agreement.

[Signature Lines on Following Page]

For Beta Operating Company, LLC:

Date

For PHMSA:

Director, Western Region, Office of Pipeline Safety

Date