



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

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

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

VIA ELECTRONIC MAIL TO: MR. SCOTT KNIGHT

February 23, 2024

Mr. Scott Knight
V.P. of HSE and Regulatory
DCOR LLC
1000 Town Center, Suite 600
Oxnard, CA 93036

CPF 5-2024-011-NOPV

Dear Mr. Knight:

From August 1 through August 3, 2023, 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 DCOR LLC's (DCOR) Platform A to Rincon crude oil pipeline in Ventura, California.

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

1. § 195.403 Emergency response training.

(a)...

(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 review with personnel their performance in meeting the objectives of the emergency response training program at intervals not exceeding 15 months, but at least once each calendar year, as required by §195.403(b)(1). At the time of PHMSA's inspection, DCOR was unable to produce any records that demonstrated that the reviews had taken place.

Therefore, DCOR failed to review with personnel their performance in meeting the objectives of its emergency response training program as required pursuant to § 195.403(b)(1).

2. § 195.404 Maps and records.

(a)...

(b) Each operator shall maintain for at least 3 years daily operating records that indicate –

(1) The discharge pressure at each pump station; and

(2) Any emergency or abnormal operation to which the procedures under § 195.402 apply.

DCOR failed to maintain daily operating records that indicate the discharge pressure at each pump station and any abnormal operation to which the procedures under § 195.402(d) apply for at least 3 years. At the time of the PHMSA inspection, DCOR was unable to provide any daily operating records.

Therefore, DCOR failed to maintain daily operating records for at least three years as required pursuant to § 195.404(b)(1) and (2).

3. § 195.404 Maps and records.

(a)...

(c) Each operator shall maintain the following records for the periods specified:

(1)...

(3) A record of each inspection and test required by this subpart shall be maintained for at least 2 years or until the next inspection or test is performed, whichever is longer.

DCOR failed to maintain a record of each inspection and test required by Subpart F for at least 2 years or until the next inspection or test is performed, as required by § 195.404(c)(3). At the time of the PHMSA inspection, DCOR was unable to provide any records demonstrating that PSV ROSF-117 had been inspected at least twice each calendar year, but at intervals not exceeding 7 ½ months as required by § 195.420(b).

Therefore, DCOR failed to maintain the inspection and test records required by Subpart F for at least 2 years or until the next inspection or test, whichever is longer, as required by § 195.404(c)(3).

4. § 195.410 Line markers.

(a)...

(c) Each operator shall provide line marking at locations where the line is above ground in areas that are accessible to the public.

DCOR failed to provide line marking at all locations where the line is above ground in areas that are accessible to the public. While onsite, PHMSA observed a test station and casing vent in a publicly accessible area that did not have a line marker¹.

Therefore, DCOR failed to provide line markings at all locations where the above ground line is accessible to the public as required by § 195.410(c).

5. § 195.440 Public awareness.

(a)...

(i) The operator's program documentation and evaluation results must be available for periodic review by appropriate regulatory agencies.

DCOR failed to make its public awareness program documentation and evaluation results available for review by PHMSA as required. § 195.440(c) requires pipeline operators to follow the recommendations of API RP 1162, unless the operator provides justification in its public awareness program or procedures as to why the recommendation is not practicable or necessary for safety. At the time of the PHMSA inspection, DCOR was unable to provide any records demonstrating it had completed an annual review of its public awareness program as required by API RP 1162 section 8.3.

Therefore, DCOR failed to make its public awareness documentation and evaluation results available for review to PHMSA as required pursuant to § 195.440(i).

6. § 195.452 Pipeline integrity management in high consequence areas.

(a) ...

(1) *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:

(i) ...

¹ See Violation Report at Exhibit A

(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 the following occasions:

(1) At the time of the PHMSA inspection, DCOR was unable to provide records to demonstrate the implementation of a means to detect leaks on its pipeline system as required by §195.452(i)(3)².

(2) At the time of the PHMSA inspection, DCOR was unable to provide records to demonstrate the methods used to measure the integrity management program's effectiveness, as required by §195.452(f)(7).

Therefore, DCOR failed to keep records in accordance with § 195.452(l)(1)(ii) as required.

7. § 195.575 Which facilities must I electrically isolate and what inspections, tests, and safeguards are required?

(a) You must electrically isolate each buried or submerged pipeline from other metallic structures, unless you electrically interconnect and cathodically protect the pipeline and the other structures as a single unit.

DCOR failed to electrically isolate each buried or submerged pipeline from other metallic structures as required. During the inspection, PHMSA observed that the isolation installed between the pipeline and the Rincon facility piping was not functioning properly, resulting in a resistive short.

Therefore, DCOR failed to electrically isolate its buried pipeline from the metallic structure at the Rincon facility as required pursuant to § 195.575(a).

8. § 195.589 What corrosion control information do I have to maintain?

(a)...

(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,

² See 49 CFR § 195.452(f)(6).

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 of each inspection required by subpart H in sufficient detail to demonstrate the adequacy of corrosion control measures. At the time of the PHMSA inspection, DCOR was unable to provide a copy of the atmospheric corrosion inspection records for the portion of the pipeline on Platform A as required by § 195.583(a).

Therefore, DCOR failed to maintain records in accordance with § 195.589(c).

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$266,015 per violation per day the violation persists, up to a maximum of \$2,660,135 for a related series of violations. For violation occurring on or after January 6, 2023 and before December 28, 2023, the maximum penalty may not exceed \$257,664 per violation per day the violation persists, up to a maximum of \$2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022 and before January 6, 2023, the maximum penalty may not exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,412 for a related series of violations. For violation occurring on or after May 3, 2021 and before March 21, 2022, the maximum penalty may not 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.

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.

Proposed Compliance Order

With respect to items 1 through 8, pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to DCOR LLC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

This amended Notice is issued in accordance with 49 C.F.R. § 190.207(c). Any response you may have submitted to the original Notice is no longer applicable. You must respond as set forth below.

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. All material you submit in response to this enforcement action may be 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 your receipt of this Notice, you have 30 days to respond as described in the enclosed *Response Options*. 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. The Region Director may extend the period for responding upon a written request timely submitted demonstrating good cause for an extension.

In your correspondence on this matter, please refer to **CPF 5-2024-011-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 F. Pirok (#23-264348)

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to DCOR, LLC a Compliance Order incorporating the following remedial requirements to ensure the compliance of DCOR with the pipeline safety regulations:

- A. In regard to Item 1 of the Notice pertaining to DCOR's failure to review with personnel their performance in meeting the objectives of the emergency response training program at intervals not exceeding 15 months, but at least once each calendar year, as required by §195.403(b)(1), DCOR must conduct and document a review of the emergency response training program within **90** days of receipt of the Final Order and submit this documentation to the Director, Western Region.
- B. In regard to Item 2 of the Notice pertaining to DCOR's failure to maintain daily operating records to which the procedures under § 195.402(d) apply, DCOR must provide the daily operating records for the last three years as required by § 195.404(b) within 90 days of receipt of the Final Order and submit this documentation to the Director, Western Region.
- C. In regard to Item 3 of the Notice pertaining to DCOR's failure to maintain a record of each inspection and test required by Subpart F for at least 2 years or until the next inspection or test is performed, as required by § 195.404(c)(3), DCOR must inspect PSV ROSF-117 within **90** days of receipt of the Final Order and submit this documentation to the Director, Western Region.
- D. In regard to Item 4 of the Notice pertaining to DCOR's failure to provide line marking at all locations where the line is above ground in areas that are accessible to the public, DCOR must place a line marker at the test station and casing vent across the street from the Rincon facility within **90** days of receipt of the Final Order and submit this documentation to the Director, Western Region.
- E. In regard to Item 5 of the Notice pertaining to DCOR's failure to make their public awareness program documentation and evaluation results available for review by appropriate regulatory agencies, DCOR must conduct a review of the public awareness program as required by API RP 1162 section 8.3 within **90** days of receipt of the Final Order and submit this documentation to the Director, Western Region.
- F. In regard to Item 6 of the Notice pertaining to DCOR's failure 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), DCOR must document the methods used to demonstrate the integrity management program's effectiveness as required by §195.452(f)(7) within **90** days of receipt of the Final Order and submit this documentation to the

Director, Western Region.

- G. In regard to Item 7 of the Notice pertaining to DCOR's failure to electrically isolate each buried or submerged pipeline from other metallic structures, DCOR must ensure that the pipeline receiver and the facility pipe at Rincon are electrically isolated within **90** days of receipt of the Final Order and submit this documentation to the Director, Western Region.
- H. In regard to Item 8 of the Notice pertaining to DCOR's failure to maintain a record of each inspection required by subpart H in sufficient detail to demonstrate the adequacy of corrosion control measures, DCOR must conduct an atmospheric corrosion inspection of the portion of the pipeline located on Platform A within **90** days of receipt of the Final Order and submit this documentation to the Director, Western Region.
- I. It is requested (not mandated) that DCOR 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.