

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

VIA ELECTRONIC MAIL TO: Martyn.Willsher@amplifyenergy.com

December 26, 2023

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

CPF 5-2023-042-NOPV

Dear Mr. Willsher:

From November 28 through December 2, 2022, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Amplify Energy's Beta Offshore procedures (Beta) and records for control room management in Long Beach, California.

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

1. **§195.446 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) ...

(3) Test and verify an internal communication plan to provide adequate means for manual operation of the pipeline safely, at least once each calendar year, but at intervals not to exceed 15 months;

Beta failed to test and verify its internal communication plan as required. Specifically, 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 Pipeline Specific Operations and Maintenance Section 19 Control Room Management Rev#20014-1 subsection 404 Internal Communications Plan. Beta failed to test its Internal Communications Plan for the calendar years of 2018, 2019, 2020, 2021 and 2022.

Therefore, Beta failed to test and verify its internal communication plan as required pursuant to § 195.446(c)(3).

2. §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) ...

(4) Test any backup SCADA systems at least once each calendar year, but at intervals not to exceed 15 months;

Beta failed to test its backup SCADA systems as required. Specifically, during the inspection, Beta could not provide records to demonstrate that Beta has tested its backup SCADA systems at least once each calendar year, but at intervals not to exceed 15 months¹ for the calendar years of 2018, 2019, 2020, 2021 and 2022.

Therefore, Beta failed to test its backup SCADA as required pursuant to § 195.446(c)(4).

3. §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;

¹ Beta has two control rooms, Beta Station and Platform Elly. The Elly CRM is the operational back up for Beta Station. Elly has no back up control room.

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, 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.

Therefore, Beta failed to verify safety-related alarm set point values and alarm descriptions when associated field instruments are calibrated or changed at least once each calendar year, at intervals not to exceed 15 months as required pursuant to § 195.446(e)(3).

4. §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;

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, during the inspection, Beta could not provide any documentation demonstrating a review of its alarm management plan.

Therefore, Beta failed to conduct a review of its alarm management plan at least once a calendar year, at intervals not to exceed 15 months as required per § 195.446(e)(4).

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to 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. 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.

Proposed Compliance Order

With respect to Items 1,2, and 4 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Amplify Energy Beta Offshore. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Item

With respect to Item 3, we have reviewed the circumstances and supporting documents involved in this case and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to promptly correct this item. Failure to do so may result in additional enforcement action.

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. 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 5-2023-042-NOPV**, and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Dustin Hubbard
Director, Western Region
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. Dunphy (#22-232644)
Dan Steward - Dan.Steward@amplifyenergy.com
Rick Armstrong - Rick.Armstrong@amplifyenergy.com

PROPOSED COMPLIANCE ORDER

Pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Amplify Energy Beta Offshore a Compliance Order incorporating the following remedial requirements to ensure the compliance of Amplify Energy's Beta Offshore (Beta) with the pipeline safety regulations:

- A. In regard to Item 1 of the Notice pertaining to Beta's failure to test and verify its internal communications plan at least once each calendar year, but at intervals not to exceed 15 months, Beta must amend its internal communications plan to provide detailed instructions for the implementation, testing, and recording of plan tests and conduct testing and verification of the amended internal communications plan. Beta must submit to PHMSA the amended internal communications plan and records to show that the amended internal communications plan has been tested within **120** days of receipt of the Final Order.
- B. In regard to Item 2 of the Notice pertaining to Beta's failure to test its backup SCADA systems at least once each calendar year, but at intervals not to exceed 15 months, Beta must amend its procedure to include detailed instructions on how to conduct and document a test of the backup SCADA systems. In addition, Beta must conduct testing of its backup SCADA system using the amended procedure. Beta must submit a copy to PHMSA of the amended procedure and records to show that the backup SCADA system has been tested within **120** days of receipt of the Final Order.
- C. In regard to Item 4 of the Notice pertaining to 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, Beta must amend PSOM Section 19 Control Room Management Rev#20014-1 to provide detailed instructions on how to conduct and document a review of the Alarm Management Plan. Additionally, Beta must conduct a review of the Alarm Management Plan using the amended procedure. Beta must submit to PHMSA a copy of the amended procedure and records to demonstrate that the Alarm Management Plan has been reviewed using the amended procedure within **120** days of receipt of the Final Order.
- D. It is requested (not mandated) that Beta 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.