

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

VIA ELECTRONIC MAIL TO: sknight@dcorllc.com

September 18, 2023

Mr. Scott Knight
Vice President of HSE and Regulatory
DCOR, LLC
1000 Town Center Dr., Suite 600
Oxnard, CA 93036

CPF 5-2023-037-NOPV

Dear Mr. Knight:

From September 12 through 16, 2022, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, 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 in Ventura, California.

As a result of the inspection, it is alleged that DCOR, LLC (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. **§ 195.402 Procedural manual for operations, maintenance, and emergencies.**
 - (a) ***General.* Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year,**

and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

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.

(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.

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).

¹ See Violation Report at Exhibit A – HL 3.04 - Requirements of An Emergency Response Plan (ERP), Page 3.

² See Violation Report at Exhibit B – HL 7.01 - Inspection & Maintenance of Company Valves, Page 2.

3. § 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, 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).

4. § 195.403 Emergency response training.

(a)

(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).

5. § 195.452 Pipeline integrity management in high consequence areas.

(a)

(i) *What preventive and mitigative measures must an operator take to protect the high consequence area? –*

(1)

(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.

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)

(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).

(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).

(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).

7. § 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, 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).

(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.³

(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).

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 documentation involved for the above probable violations and recommend that you be preliminarily assessed a civil penalty of \$81,900 as follows:

³ See Violation Report at Exhibit C – MOSF Photo Taken

Item number

PENALTY

6

\$ 81,900

Proposed Compliance Order

With respect to items 1 to 7, 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

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 5-2023-037-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 T. Nguyen (#22-232625)
Dave Willis, Pipeline Integrity Manager, DCOR LLC, dwillis@dcorllc.com

PROPOSED COMPLIANCE ORDER

Pursuant to 49 U.S.C. § 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 follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies within 90 days of the receipt of the Final Order, DCOR must:
 - (1) Establish and maintain 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.
 - (2) Inspect valve SDV-11A.
- B. In regard to Item 2 of the Notice pertaining to DCOR's failure to conduct a continuing training program, DCOR must conduct training to its emergency response personnel as required by § 195.403(a) within 90 days of the receipt of the Final Order,
- C. In regard to Item 3 of the Notice pertaining to DCOR's failure to review at an interval not exceeding 15 months, but at least once each calendar year, with personnel their performance in meeting the objectives of the emergency response training program, DCOR must comply with §195.403(b) within 90 days of the receipt of the Final Order,
- D. In regard to Item 4 of the Notice pertaining to DCOR's failure to 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 must comply with §195.403(c) within 90 days of the receipt of the Final Order,
- E. In regard to Item 5 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, within 90 days of the receipt of the Final Order, DCOR must:
 - (1) Analyze all available information about the integrity of its entire pipeline and the consequences of a possible failure along the pipeline as required by §195.452(g),
 - (2) Take measures to implement facilities and pipeline preventive and mitigative actions as required by §195.452(i), and
 - (3) Conduct 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).

- F. In regard to Item 6 of the Notice pertaining to DCOR's failure to evaluate the capability of its leak detection to protect the high consequence area, DCOR must test its CPM Leak Detection and related components such as pressure transmitters and Coriolis meters to evaluate the capability of its leak detection system as required within 90 days of the receipt of the Final Order,
- G. In regard to Item 7 of the Notice pertaining to DCOR's failure to 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, within 90 days of the receipt of the Final Order, DCOR must:
- (1) Inspect pipeline or portion of the pipeline that is exposed to the atmosphere at Platform Gina for evidence of atmosphere corrosion as required by §195.583(a),
 - (2) Inspect pipeline or portion of the Gilda's onshore pipeline that is exposed to the atmosphere at Mandalay Onshore Separation Facility (MOSF) for evidence of atmosphere corrosion as required by §195.583(a),
 - (3) Electrically inspect and check the proper performance of the rectifier as required by §195.573(c), and
 - (4) Bring all the inadvertently buried pipe and components aboveground. Inspect for corrosion pitting using visual inspection tools and conduct repair if necessary. Clean and repair all areas that show signs of atmospheric corrosion.
- H. Submit all the records to PHMSA to demonstrate compliance of the above Proposed Compliance Order within 30 days of the completion.
- 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.