

## **WARNING LETTER**

### **CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

April 16, 2018

Mr. Dave Hager  
President and Chief Executive Officer  
Devon Energy Corporation  
333 West Sheridan Avenue  
Oklahoma City, Oklahoma 73102-5015

**CPF 5-2018-6012W**

Dear Mr. Hager:

On December 4 through 8, 2017, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected your CO2 pipeline in the vicinity of Riverton, Wyoming.

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 item inspected and the probable violation is:

1. **§195.452 Pipeline integrity management in high consequence areas.**
  - (b) *What program and practices must operators use to manage pipeline integrity?*  
Each operator of a pipeline covered by this section must:
    - (1) ...
    - (2) **Include in the program an identification of each pipeline or pipeline segment in the first column of the following table not later than the date in the second column:**

Pipeline	Date
Category 1.....	December 31, 2001.
Category 2.....	November 18, 2002.
Category 3.....	Date the pipeline begins operation.

Devon Energy Corporation (Devon) did not identify the high consequence area (HCA)<sup>1</sup> segment on its CO2 pipeline when it began operations in 2008 in accordance with § 195.452(b)(2). Section 195.452 applies to carbon dioxide pipelines that could affect a HCA, including any pipeline located in a HCA. Furthermore, pursuant to 49 CFR § 195.452(a), Devon's CO2 pipeline is category 3 pipeline because it was "constructed or converted after May 29, 2001."<sup>2</sup> However, upon review of the Devon Wyoming Hazardous Liquid CO2 Pipeline Ecological Area Study,<sup>3</sup> a document provided to OPS during the inspection, this CO2 pipeline was not identified as a pipeline segment that could affect an HCA until October 31, 2012, four years after the pipeline began operations.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists, up to a maximum of \$2,090,022 for a related series of violations. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations. 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 correct the items identified in this letter. Failure to do so will result in Devon Energy Corporation being subject to additional enforcement action.

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<sup>1</sup> Section 195.450 defines a HCA as: (1) A commercially navigable waterway, which means a waterway where a substantial likelihood of commercial navigation exists; (2) A high population area, which means an urbanized area, as defined and delineated by the Census Bureau, that contains 50,000 or more people and has a population density of at least 1,000 people per square mile; (3) An other populated area, which means a place, as defined and delineated by the Census Bureau, that contains a concentrated population, such as an incorporated or unincorporated city, town, village, or other designated residential or commercial area; (4) An unusually sensitive area, as defined in § 195.6.

<sup>2</sup> See 49 CFR § 195.452(a)(3).

<sup>3</sup> This document was prepared by American Innovations, who was contracted by Devon to perform a study on potential images of Devon's hazardous liquid and CO2 pipelines in Fremont County, Wyoming to unusually sensitive areas as defined by 49 C.F.R. § 195.6.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2018-6012W**. Be advised that all material you submit in response to this enforcement action is subject to being 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).

Sincerely,

Kim West  
Director, Western Region  
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry  
PHP-500 G. Ogirima (#158275)