

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

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

September 9, 2013

Mr. Peter Schwiering  
President  
Rose Rock Midstream, L.P.  
11501 South I-44 Service Road  
Oklahoma City, Oklahoma 73173

**CPF 3-2013-5028**

Dear Mr. Schwiering:

On the dates of June 6 – 10, 2011, June 23, 2011, and November 14 – 18, 2011, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code inspected Rose Rock Midstream L.P.'s (Rose Rock), formerly known as *SemCrude L.P.* (*SemCrude, LP*)<sup>1</sup>, facilities in Kansas and Oklahoma.

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

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<sup>1</sup> In June 2012, SemCrude, L.P. changed its name to Rose Rock Midstream, L.P. SemGroup Corporation serves as the general partner to Rose Rock, L.P. having a majority interest in the company. See <http://www.semgroupcorp.com/>

1. **§ 195.406 Maximum operating pressure**

**(b) No operator may permit the pressure in a pipeline during surges or other variations from normal operations to exceed 110 percent of the operating pressure limit established under paragraph (a) of this section. Each operator must provide adequate controls and protective equipment to control the pressure within this limit.**

Rose Rock failed to provide adequate controls and protective equipment to control the operating pressure to not exceed 110 % of the Maximum Operating Pressure (MOP) on the El Dorado to Burton Station pipeline.

Rose Rock's bi-directional pipeline segment from El Dorado to Burton Station has an MOP of 282 psig when pumping from El Dorado. The El Dorado overpressure protection inspection performed by Rose Rock on April 11, 2011, recorded the "as left set pressure" of the SOR pressure switch, the overpressure protection device, as 425 psig. The setting of 425 psig is 150% of the MOP. By having an SOR pressure switch set above 110% of the MOP, Rose Rock is in violation of §195.406(b). On November 11, 2011, the El Dorado SOR switch was reset to 282 psig.

2. **§ 195.406 Maximum operating pressure**

**(b) No operator may permit the pressure in a pipeline during surges or other variations from normal operations to exceed 110 percent of the operating pressure limit established under paragraph (a) of this section. Each operator must provide adequate controls and protective equipment to control the pressure within this limit.**

Rose Rock permitted the pressure to exceed 110% of MOP for the Arlington to Cunningham (A-C) pipeline segment. The A-C pipeline segment is a Category 1 Low Stress (Phase I) pipeline per §195.12(a)(1) with an MOP of 248 psig. The A-C segment has none of its own pressure controls or protective equipment, but relies upon the three pump stations which supply the crude oil: the Lyons Station, which has an MOP & SOR switch shutdown set at 468 psig; the El Dorado Station which has an MOP & SOR switch shutdown set at 282 psig; and the Hudson station which has an MOP & SOR switch shutdown set at 598 psig.

Rose Rock had been depending on a calculated hydraulic gradient from each of the pump stations to control the operating pressure of the A-C pipeline segment. On July 9, 2010, the pressure at Arlington Junction reached 276 psig; a pressure that is over 110% of the MOP ( $110\% \times 248 = 272.8$  psi.). By permitting the pressure to exceed 110% of the MOP, Rose Rock is in violation of §195.406(b).

3. **§ 195.428 Overpressure safety devices and overfill protection systems**

**(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.**

Rose Rock failed to inspect and test pressure limiting devices and control equipment at intervals not exceeding 15 months. A total of 26 inspections were not conducted on their crude oil pipelines in 2009 and 2010.

Rose Rock did not inspect 7 SOR pressure limiting devices at six (6) different locations, for 2009 and 2010. During the PHMSA inspection conducted in 2011 Rose Rock could not find or provide the records of these inspections. The locations of these devices are as follows:

- Lyons, Kansas Station – 2 SORs
- Burton, Kansas Station – 1 SOR
- El Dorado, Kansas – 1 SOR
- Hudson, Kansas Station – 1 SOR
- Fleming, Oklahoma Station – 1 SOR
- Dickinson, Kansas Station – 1 SOR

Based on the devices, locations and the years mentioned above, Rose Rock failed to perform 14 inspections in total. By not performing these inspections, Rose Rock is in violation of §195.428(a).

Rose Rock did not inspect and test the SCADA pressure limiting and shut down system for 6 locations for 2009 and 2010. According to Rose Rock, the overpressure protection system at each location is set to shut down the pump at 5 psig below the SOR set pressure. The 6 shut down locations reviewed during the PHMSA inspection are:

- Lyons, Kansas Station
- Burton, Kansas Station
- El Dorado, Kansas
- Hudson, Kansas Station
- Fleming, Oklahoma Station
- Dickinson, Kansas Station

The records reviewed during the PHMSA inspection did not show that the required inspections were conducted at the locations mentioned above. Rose Rock failed to perform a total of 12 required inspections on the SCADA shut down systems. Failure to perform these inspections places Rose Rock in violation of §195.428(a).

**4. § 195.505 Qualification program.**

**Each operator shall have and follow a written qualification program.**

**The program shall include provisions to:**

**(b) Ensure through evaluation that individuals performing covered tasks are qualified;**

Rose Rock failed to ensure through evaluation that an individual was qualified to perform a covered task.

Rose Rock failed to ensure the re-qualification of their Aerial Patrol Pilot at the intervals at which evaluation of the individual's qualifications were needed per their Operator Qualification Program (OQP). Rose Rock's Aerial Patrol Pilot was qualified to perform "Right of Way Inspection" Covered Task #15, on May 10, 2006. Rose Rock's OQP requalification interval for Covered Task #15 is 3 years not to exceed 3 ½ years. Therefore the OQP required that the individual in question would be re-qualified by November 10, 2009. However, the individual was not re-qualified until June 06, 2010, which exceeded the required time interval by 207 days. During this exceeded time interval, the individual performed the Covered Task #15 on the right-of-way approximately thirty (30) times.

Rose Rock's failure to ensure the re-qualification through evaluation of the individual within the required time interval is a violation of §195.505.

Proposed Civil Penalty

Under 49 United States Code, §60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$75,300 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$18,700
2	\$18,700
3	\$25,400
4	\$12,500

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. All material 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). 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.

In your correspondence on this matter, please refer to **CPF 3-2013-5028** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Linda Daugherty  
 Director, Central Region  
 Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*