

**July 2, 2015**

Mr. Joel Moxley  
Senior Vice President, Operations Services  
Crestwood Equity Partners, LP  
700 Louisiana Street  
Suite 2550  
Houston, Texas 77002

**Re: CPF No. 3-2014-5007**

Dear Mr. Moxley:

Enclosed please find the Final Order issued in the above-referenced case. It makes a finding of violation and confirms that Crestwood Dakota Pipeline, LLC, has completed the actions specified in the Notice to comply with the pipeline safety regulations. Therefore, this case is now closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese  
Associate Administrator  
for Pipeline Safety

Enclosure

cc: Mr. Allan Beshore, Director, Central Region, Office of Pipeline Safety (OPS)  
Ms. Alice Ratcliffe, Pipeline Compliance Manager, Crestwood Midstream Partners, LP,  
801 Cherry Street, Suite 3800, Unit 20, Fort Worth, Texas 76102

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

**U.S. DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
OFFICE OF PIPELINE SAFETY  
WASHINGTON, D.C. 20590**

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**In the Matter of** )  
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**Crestwood Dakota Pipeline, LLC,** ) **CPF No. 3-2014-5007**  
**a subsidiary of Crestwood Equity Partners, LP,** )  
 )  
**Respondent.** )  

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**FINAL ORDER**

Between October 28 – November 1, 2013, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of Crestwood Dakota Pipeline, LLC, (Crestwood or Respondent) in Epping, North Dakota. Crestwood, a subsidiary of Crestwood Equity Partners, LP, owns and operates 20.9 miles of crude oil pipelines, as well as other pipeline facilities, in and around Epping, North Dakota.<sup>1</sup>

As a result of the inspection, the Director, Central Region, OPS (Director), issued to Respondent, by letter dated October 2, 2014, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Crestwood had violated 49 C.F.R. § 195.561 and ordered Respondent take certain measures to correct the alleged violation. The Notice also proposed finding that Crestwood had committed probable violations of 49 C.F.R. §§ 194.107, 195.402, 195.404, 195.432, and 195.563, and warned Respondent to take corrective action to address them or be subject to future enforcement actions.

Crestwood responded to the Notice by letter dated October 27, 2014 (Response). Respondent did not contest the allegation of violation or the proposed compliance order, but did provide information on the corrective actions it had taken. Crestwood did not request a hearing and therefore has waived its right to one.

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<sup>1</sup> See *Operations – Crude Facilities – COLT Hub*, Crestwood Midstream Partners, LP, <http://www.crestwoodlp.com/operations/ngl-crude-services/crude-colt-hub.asp> (last visited March 4, 2015); see also *Operations – Crude Facilities – Arrow Midstream*, Crestwood Midstream Partners, LP, <http://www.crestwoodlp.com/operations/ngl-crude-services/crude-arrow.asp> (last visited March 4, 2015).

### **FINDING OF VIOLATION**

In its Response, Crestwood did not contest the allegations in the Notice that it violated 49 C.F.R. Part 195.561(a), as follows:

**Item 6:** The Notice alleged that Respondent violated 49 C.F.R. § 195.561(a), which states:

**§ 195.561 when must I inspect pipe coating used for external corrosion control?**

(a) You must inspect all external pipe coating required by § 195.557 just prior to lowering the pipe into the ditch or submerging the pipe.

The Notice alleged that Respondent violated 49 C.F.R. § 195.561(a) by lowering a section of pipe into a ditch without first inspecting its external coating. Specifically, the Notice alleged that on November 19, 2011, a contractor employed by Crestwood failed to “jeep”<sup>2</sup> or inspect the external pipe coating on 900 feet of pipe before lowering it into a ditch between stations 720+00 and 729+00 on Crestwood’s Colt Connector system.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find Crestwood violated 49 C.F.R. § 195.561(a) by failing to inspect the external pipe coating on 900 feet of pipe before lowering it into a ditch between stations 720+00 and 729+00 on its Colt Connector system.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

### **COMPLIANCE ORDER**

The Notice proposed a compliance order with respect to Item 6 in the Notice for a violation of 49 C.F.R. 195.561(a). Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under Chapter 601. The Director has indicated that Respondent has taken the following actions to address some of the cited violations:

1. Respondent has completed a Direct Current Voltage Gradient (DCVG) Survey for the entire length of the Colt Connector system. Following the DCVG Survey, Crestwood submitted a final report indicating that all anomalies noted during the survey were minor, and recommending that a confirmatory dig be completed to validate these findings.
2. Respondent has provided documentation that a confirmatory dig was performed, and a report of this dig sent to the Central Region on November 17, 2014.

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<sup>2</sup> “To jeep” is a term used to describe a method of holiday detection using an instrument that applies a voltage between the external surface of the coating and the pipe.

3. Respondent applied cathodic protection to the line, which was found to be acceptable. Crestwood added three more test stations to the line, one of which being located in the area specified in the Proposed Compliance Order.

Accordingly, I find compliance has been achieved with respect to this violation. Therefore, the compliance terms proposed in the Notice for Item 6 are not included in this Order.

### **WARNING ITEMS**

With respect to Items 1, 2, 3, 4, 5, and 7, the Notice alleged probable violations of 49 C.F.R. §§ 194.107, 195.402, 195.404, 195.432, and 195.563, but did not propose a civil penalty or compliance order for these items. Therefore, these are considered to be warning items. The warnings were for:

49 C.F.R. § 194.107(c)(1)(vi) (**Item 1**) — Respondent’s alleged failure to ensure that its Facility Response Plan included the names and telephone numbers of contacts for Federal, State, and local agencies at which it expected to have pollution control responsibilities or support;

49 C.F.R. § 194.107(c)(ix) (**Item 2**) — Respondent’s alleged failure to follow a drill program as outlined in the guidelines found in the National Preparedness for Response Exercise Program (PREP), or a program equivalent to that set forth in PREP;

49 C.F.R. § 195.402(a) (**Item 3**) — Respondent’s alleged failure to follow its written procedural manual for normal operations and maintenance of pipelines, which required Crestwood to conduct monthly visual inspections of its firefighting equipment;

49 C.F.R. § 195.404(a)(2) (**Item 4**) — Respondent’s alleged failure to maintain written maps of its pipeline systems that documented all crossings of public roads, railroads, rivers, buried utilities, and foreign pipelines along Crestwood’s rights-of-way. Specifically, the Notice alleged that Crestwood failed to document a particular location where another operator’s pipeline crossed Respondent’s right-of-way and, further, that Crestwood did not have a process to ensure that crossings found during maintenance actions were properly documented on the company’s “as-built” maps;

49 C.F.R. § 195.432(b) (**Item 5**) — Respondent’s alleged failure to follow *Section 4 of American Petroleum Institute Standard 653* (incorporated by reference in 49 C.F.R § 195.3) for the monthly inspection of its in-service atmospheric and low-pressure steel aboveground breakout tanks; and

49 C.F.R. § 195.563(a) (**Item 7**) — Respondent's alleged failure to apply cathodic protection to the Colt Connector pipeline system within one year of the pipeline becoming operational.

Crestwood presented information in its Response showing it had taken certain actions to address the cited items. If OPS finds a violation of any of these items in a subsequent inspection, Respondent may be subject to future enforcement action.

The terms and conditions of this Final Order are effective upon receipt of service.

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Jeffrey D. Wiese  
Associate Administrator  
for Pipeline Safety

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Date Issued