

## WARNING LETTER

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 18, 2016

Mr. Brady McConaty  
President  
Tabula Rasa Energy  
12012 Wickchester Lane  
S-660  
Houston, TX 77079

**CPF 5-2016-5006W**

Dear Mr. McConaty:

On September 14-17, 2015, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Blue Lake CO<sub>2</sub> Pipeline (aka Huerfano County CO<sub>2</sub> Line) near La Veta in Huerfano County, Colorado.

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. The items inspected and the probable violation(s) are:

- 1. §195.266 Construction Records.**  
**A complete record that shows the following must be maintained by the operator involved for the life of each pipeline facility:**  
**(a) The total number of girth welds and the number nondestructively tested, including the number rejected and the disposition of each rejected weld.**

During original construction of the Blue Lake CO<sub>2</sub> Pipeline in 2007, several defective welds were identified by non-destructive testing. Of these welds, no x-ray film or weld inspection records

could be located which indicate that welds A-113, A-1060, and A-1140 were repaired, or cut-out and replaced, during construction, despite an exhaustive search of all available records.

**2. §195.404 Maps and records.**

**...(c) Each operator shall maintain the following records for the periods specified:**

**...(3) A record of each inspection and test required by this subpart shall be maintained for at least 2 years or until the next inspection or test is performed, whichever is longer.**

Records available at the time of the inspection indicated that the maximum 7 ½-month interval between mainline valve inspections allowed under §195.420(b) was exceeded between July 15, 2014, and April 16, 2015.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$205,638 per violation per day the violation persists up to a maximum of \$2,056,380 for a related series of violations. For violation occurring between January 4, 2012 to August 1, 2016, 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. 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. 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 item(s) identified in this letter. Failure to do so will result in Tabula Rasa Energy being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2016-5006W**. 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,

Chris Hoidal  
Director, Western Region  
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry  
PHP-500 J. Stahoviak (#149561)