

October 2, 2014

Mr. George Grau  
Vice President, Operations Crude and NGL  
Crestwood Dakota Pipeline LLC  
801 Cherry Street  
Suite 3800, Unit 20  
Fort Worth, Texas 76102

**CPF 3-2014-5007**

Dear Mr. Grau:

Please find attached a corrected copy of CPF 3-2014-5007. The original version referenced the wrong violation number for the Proposed Compliance Order and the dates for the initial operation of the pipeline and when Crestwood merged with Inergy were incorrect.

We apologize for any inconvenience that this may have caused.

Sincerely,

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

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

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

October 2, 2014

Mr. George Grau  
Vice President, Operations Crude and NGL  
Crestwood Dakota Pipeline LLC  
801 Cherry Street  
Suite 3800, Unit 20  
Fort Worth, Texas 76102

**CPF 3-2014-5007**

Dear Mr. Grau:

On October 28 – November 1, 2013, representatives of the Central Region office of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your records and facilities in Epping, ND.

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:

**1. §194.107 General response plan requirements**

**(c) Each response plan must include:**

**(1) A core plan consisting of—**

**(vi) Names and telephone numbers of Federal, State and local agencies which the operator expects to have pollution control responsibilities or support,**

Crestwood did not ensure that the names and contacts in the facility response plan were current. Review of the plan identified that the names and phone numbers for the internal notification were not updated. Additionally, Crestwood was unable to confirm if any of the government agencies listed had correct phone numbers.

**2. §194.107 General response plan requirements**

**(c) Each response plan must include:**

**(ix) Drill program—an operator will satisfy the requirement for a drill program by following the National Preparedness for Response Exercise Program (PREP) guidelines. An operator choosing not to follow PREP guidelines must have a drill program that is equivalent to PREP. The operator must describe the drill program in the response plan and OPS will determine if the program is equivalent to PREP.**

Crestwood did not conduct any drill programs for the Colt Connector system since it went into operation in June of 2012. Crestwood acquired this system in December of 2013. Company personnel indicated that they had not yet conducted any table top spill drills or quarterly notifications drills and were unable to produce any records showing that the drills were done between June of 2012 and December of 2013.

**3. §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.**

Crestwood did not follow their procedure for ensuring that their fire extinguishers were in proper operating conditions at all times. Procedure 14.05 indicates that Crestwood will conduct monthly visual inspections of the firefighting equipment. Review of the records found that they had only inspected the extinguishers in October of 2013.

**4. §195.404 Maps and Records.**

**a) Each operator shall maintain current maps and records of its pipeline systems that include at least the following information;**

**(2) All crossings of public roads, railroads, rivers, buried utilities, and foreign pipelines.**

Crestwood did not document a pipeline crossing of their line on any of their maps. Review of the patrol record found that on 10/9/2013, an observation was noted that a pipeline was crossing their line. No follow-up documentation was found that identified

who was crossing. Further discussions with Crestwood personnel found that no process existed for ensuring that crossings found during routine maintenance actions along the line would be documented on the as-built maps.

**5. §195.432 Inspection of in-service breakout tanks.**

**(b) Each operator must inspect the physical integrity of in-service atmospheric and low-pressure steel aboveground breakout tanks according to API Standard 653 (incorporated by reference, see § 195.3). However, if structural conditions prevent access to the tank bottom, the bottom integrity may be assessed according to a plan included in the operations and maintenance manual under § 195.402(c)(3).**

Crestwood missed several monthly tank inspections as required by Section 4 of API 653 for the tank at Dry Fork Station. Review of the records found that the inspections for February, August, and September were missing for 2013.

**6. §195.561 When must I inspect pipe coating used for external corrosion control?**

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

During the construction of the Colt Connector system, the contractor that installed the system put a section of pipe in the ditch without inspecting the coating prior to lowering it in. Review of the daily report dated 11/19/2011 found that the contractor put 900 feet of pipe in the ditch without inspecting the pipe. This occurred between station numbers 720+00 to 729+00. The report indicated that this was done because of incoming bad weather. As indicated earlier, it should be noted that Crestwood purchased these assets in December of 2012 after the construction of the system.

**7. §195.563 Which pipelines must have cathodic protection?**

**(a) Each buried or submerged pipeline that is constructed, relocated, replaced, or otherwise changed after the applicable date in Sec. 195.401(c) must have cathodic protection. The cathodic protection must be in operation not later than 1 year after the pipeline is constructed, relocated, replaced, or otherwise changed, as applicable.**

Crestwood did not apply cathodic protection to the Colt Connector pipeline system within one year of the pipeline going into operation. According to records and discussions with Crestwood personnel, the pipeline went into operation on June of 2012. The cathodic protection was not operational until October of 2013. Cathodic protection should have been applied by June of 2013.

### Proposed Compliance Order

With respect to item six (6), pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Crestwood Dakota Pipelines LLC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

### Warning Items

With respect to item(s) one (1), two (2), three (3), four (4), five (5), and seven (7), 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 promptly correct these item(s). Be advised that failure to do so may result in Crestwood Dakota Pipelines LLC being subject to additional enforcement action.

### 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. 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). 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 3-2014-5007** 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

Enclosures: *Proposed Compliance Order*  
*Response Options for Pipeline Operators in Compliance Proceedings*

## **PROPOSED COMPLIANCE ORDER**

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Crestwood Dakota Pipelines LP a Compliance Order incorporating the following remedial requirements to ensure the compliance of Crestwood Dakota Pipelines LP with the pipeline safety regulations:

1. Pertaining to the line segment between station number 720+00 to 729+00 that was not jeeped, provide a plan to ensure that the coating is in good condition. The plan should include a DCVG survey and provisions for possible excavations and remedial actions.
2. Provide the plan and action schedule within 60 days from the date of receipt of the Final Order.
3. Implement the plan and schedule required by items 1, above, within 90 days from the date of receipt of the Final Order.
4. Crestwood shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Linda Daugherty, Director, Central Region, Pipeline and Hazardous Materials Safety Administration, 901 Locust Street, Room 462, Kansas City, MO 64106. Costs shall be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total costs associated with replacements, additions and other changes to pipeline infrastructure.