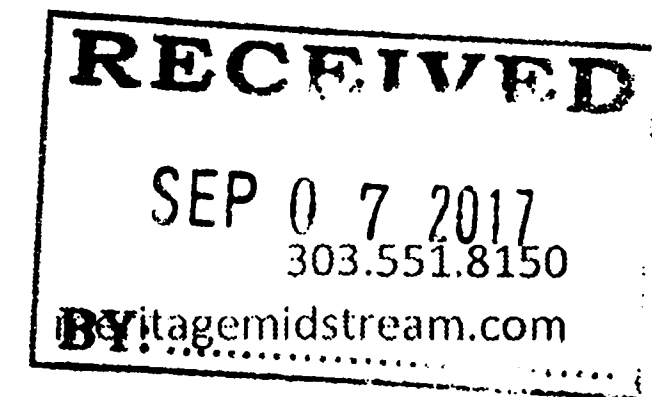
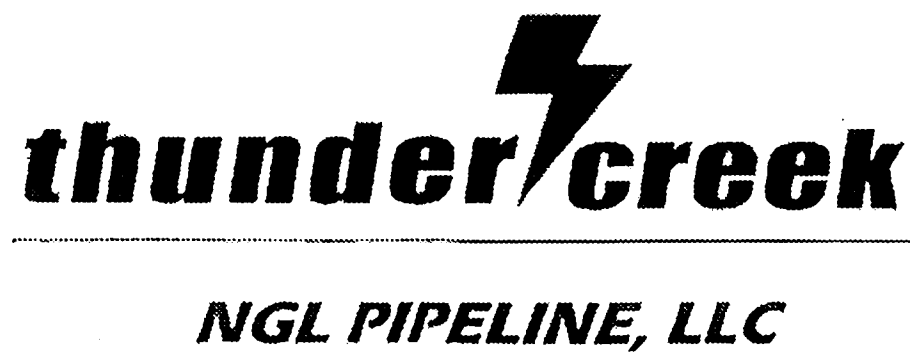


1331 Seventeenth Street
Suite 1100
Denver, CO 80202



September 7, 2017

Pipeline and Hazardous Materials Safety Administration
U.S. Department of Transportation
Attn: Dustin Hubbard, Acting Director, Western Region
12300 W. Dakota Ave, Suite 110
Lakewood, CO 80228

Re: CPF 5-2017-5019

Dear Mr. Hubbard:

Thunder Creek NGL Pipeline, LLC ("TCNGL"), a wholly-owned subsidiary of Meritage Midstream Services II, LLC, is in receipt of your Notice of Probable Violation and Proposed Compliance order dated August 14, 2017. Please note that the reporting entity is TCNGL. We do not contest your proposed compliance order. We do appreciate the consideration that your agency and your inspectors have extended to us.

TCNGL entered into a Pipeline Lease Agreement dated October 9, 2014 with WestTex 66 Pipeline Company (an affiliate of Phillips 66 Company). TCNGL worked with WestTex to reactivate an idled NGL pipeline (the "NGL Pipeline"). After TCNGL completed construction of the interconnecting pipeline to its gas plant, we began line fill operations on March 11th, 2015, which included monitoring the quality of the product that was injected into the NGL Pipeline for operational line fill in advance of its first attempt to ship product on pipeline. On March 25th, 2015 after completing line fill operations, TCNGL commenced its first delivery of product to WestTex's downstream pipeline.

Our operations maintenance and safety manuals and relevant procedures identify the requirements underlying each of the alleged violations. We have taken additional steps to ensure that our personnel will meet each of these requirements as we move forward. These steps include conducting additional periodic operator training to ensure compliance with our manuals and DOT 195 compliance requirements.

Following are the five identified probable violations along with our response:

1. **§195.55 Reporting safety-related conditions.**
 - (a) Except as provided in paragraph (b) of this section, each operator shall report in accordance with §195.56 the existence of any of the following safety related conditions involving pipelines in service:
 - (4) Any malfunction or operating error that causes the pressure of a pipeline to rise above 110 percent of its maximum operating pressure.

Meritage Midstream failed to report a safety related condition after the operator over pressured a segment of its isolated 4 feet of pipe from the mainline pumps to the pig launcher at the 50 Buttes gas plant. During the inspection, a Meritage Midstream representative confirmed that the pressure at this isolated segment reached 2000 psi and the maximum operating pressure (MOP) of the system is 1440 psi.

TCNGL Response: The overpressure event occurred on May 28, 2015 and the impacted pipe was removed and replaced by June 13, 2015. Because this overpressure event was a result of thermal expansion between two manually closed valves, we reviewed operating procedures with personnel to prevent the creation of thermal expansion pockets. In addition, we locked open certain manual valves that could be closed to create potential thermal expansion pockets. Costs to remedy the operating error were negligible.

2. §195.404 Maps and Records.

(b) Each operator shall maintain for at least 3 years daily operating records that indicate-

(1) The discharge pressure at each pump station; and

Meritage Midstream violated 49 CFR § 195.404(b) by failing to record daily discharge pressures of its Thunder Creek NGL pipeline starting at the 50 Buttes natural gas processing complex. Meritage Midstream commissioned this pipeline in March 2015, however, only had discharge pressure records going back to July 2015 during the inspection in September 2016. Meritage Midstream failed to record and maintain discharge records from March 2015 through July 2015.

TCNGL Response: During the NGL Pipeline startup (prior to March 2015), we experienced the failure of the three pumps. The segment of pipe that experienced the overpressure, which was where the transmitter was located, was removed and replaced in July 2015. While this segment of pipeline was out of service, we contracted with Baker Hughes to provide pumping of NGL from a truck into the segment of pipe downstream of the removed section of pipe. However, during this two to three-month period, we inadvertently failed to install a transmitter downstream of where Baker Hughes was injecting NGL into the NGL Pipeline. When we replaced the section of pipe that experienced the overpressure, we also installed a transmitter.

3. §195.403 Emergency Response Training.

(b) At the intervals not exceeding 15 months, but at least once each calendar year, each operator shall:

(1) Review with personnel their performance in meeting the objectives of the emergency response training program set forth in paragraph (a) of this section; and

Meritage Midstream violated 49 CFR § 195.403(b) by failing to review with personnel their performance in meeting the objectives of the company's emergency response program per the requirements of §195.403. Meritage Midstream's Emergency Response Plan (ERP), Section 6.2, requires completion of Form LFMOI0-01, Review of personnel performance in meeting objectives of the ERP. Meritage Midstream did not provide documentation, specifically completed Form LFMOI0-01, which would demonstrate the company had reviewed with their personnel the performance in meeting the objectives of the emergency response training program as required by the company's ERP's Section 6.2.

TCNGL Response: We had reviewed with our personnel their performance in meeting the objectives of the company's Emergency Response Program ("ERP"), however we had not documented those discussions and program effectiveness follow-up on form LFM010-01. The PHMSA inspector recommended completing sign-in sheets documenting this program's effectiveness review and ERP training follow-up with our operations personnel to include a discussion of the effectiveness of the company's ERP program. After the audit, we completed form LFM010-01, instituted required employee sign-in sheets, and held meetings with our operators to determine the effectiveness of the company's ERP program, all to ensure that we satisfy the requirements of 49CFR 195.403(b). We conduct ERP program training periodically each year and will complete form LFM010-01 annually.

4. §195.420 Valve maintenance.

(b) Each operator shall, at intervals not exceeding 7½ months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

Meritage Midstream failed to demonstrate they had inspected their mainline valves at intervals not exceeding 7½ months, but at least twice each calendar year after commissioning this pipeline in March 2015 pursuant to § 195.420(b).

TCNGL Response: Valve maintenance was completed in accordance with §195.420; however, the maintenance was reported on TCNGL work orders, which we provided to the PHMSA inspector. We inadvertently reported this maintenance information on the incorrect form. After the PHMSA inspector pointed this out, we immediately corrected the procedure and we currently report this information on the correct form.

5. §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.

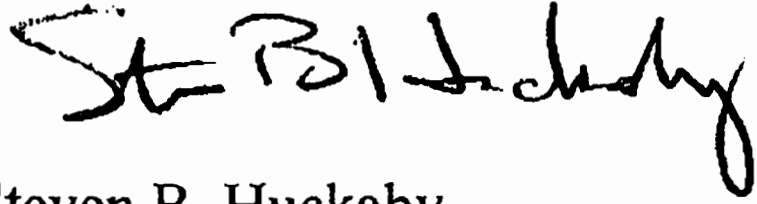
Meritage Midstream violated 49CFR§195.428 by failing to inspect each pressure relief valve on a highly volatile liquid pipeline twice each calendar year not to exceed 7½ months. During the inspection, Meritage Midstream failed to provide PHMSA with any evidence that they had inspected their relief devices within the intervals outlined in § 195.428(a).

TCNGL Response: The relief valve testing was inadvertently based on a 9-month schedule and was therefor 1½ months late. After the PHMSA inspector pointed this out, we immediately corrected the procedure such that the reporting is done no later than 7 ½ months and at least twice each calendar year.

Because most of the work had already been done, and the violations primarily resulted from failure to timely or properly complete reports, we did not expend any more than a negligible amount to address and correct all of the issues.

Please let us know if you have any comments concerning this matter. Thank you again for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "St B Huckaby". The signature is written in a cursive, somewhat stylized font.

Steven B. Huckaby
Chairman and CEO