



RECEIVED
 APR 01 2018
 BY:

PATRICK M. KNAPP
 SENIOR COUNSEL
 DIRECT: (214) 292-9875
 FAX: (214) 296-2836
 MOBILE: (903) 815-6350
 EMAIL: PKNAPP@BRIDGERGROUP.COM

March 30, 2018

Pipeline & Hazardous Materials Safety Administration
 12300 W. Dakota Ave., Suite 110
 Lakewood, CO 80228

Attn: Mr. George Ogirima
 Mr. Huy Nguyen, Acting Director

Delivered via email to george.ogirima@dot.gov
Delivered via overnight FedEx Tracking No. 8057 2337 6945

Re: Response to Notice of Probable Violation, Probable Civil Penalty, and Proposed Compliance Order, Cause No. CPF 5-2018-6004

Dear Mssrs. Ogirima and Nguyen,

References is hereby made to the above-identified action relating to a PHMSA inspection occurring on or about September 2, 2016 at the Bridger Swan Ranch, LLC crude oil blending and tanking facility located in Speer, Wyoming, in the Swan Ranch Rail Park (the "Swan Ranch Facility" or the "Facility").

The above referenced action was erroneously addressed and delivered to Bridger Logistics, LLC. The Swan Ranch Facility in Cheyenne, Wyoming has been and continues to be owned and operated by **Bridger Swan Ranch, LLC**, a Delaware limited liability company ("Bridger"), and not any other company or entity. It is not operated or owned by Bridger Logistics, LLC.

With respect to the Probable Violation, Probable Civil Penalty, and Proposed Compliance Order, Bridger submits the following responses below, in addition to the enclosed referenced documents.

PROBABLE VIOLATION 1:

- § 195.452 Pipeline integrity management in high consequence area. (b) What program and practices must operators use to manage pipeline integrity? Each operation of a pipeline covered by this section must: (2) Include in the program an identification of each pipeline or pipeline segment in the first column of the following table not later than the date in the second column:**

Pipeline	Date
Category 1.....	December 31, 2001
Category 2.....	November 18, 2002
Category 3.....	Date the pipeline begins operation

Bridger violated 49 C.F.R. § 195 .452(b)(2) by failing to complete identification of pipeline segments that could affect a High Consequence Area (HCA). Specifically, Bridger's integrity management program did not identify the Swan Ranch Facility pipeline segment as a hazardous liquid pipeline that could affect a HCA. During the inspection, a National Pipeline Mapping System map overlay with the Swan Ranch Facility pipeline showed the entire pipeline segment was within a drinking water resource, making it a pipeline that could affect an HCA. Furthermore, this facility has been in service since November 2013 so it is a category 3 pipeline, requiring that HCAs be identified when the pipeline begins operation. By failing to identify the Swan Ranch Facility pipeline segment as a pipeline that could affect an HCA on the date the pipeline became operational, Bridger violated § 195 .452(b)(2).

BRIDGER RESPONSE 1:

Bridger disputes this characterization. Bridger has maintained an Integrity Management Program since before the Swan Ranch Facility became operational. See *Bridger Hazardous Liquid Transmission Pipeline Integrity Management Program*, September 23, 2011 at page 5 (the "IMP"). The Overview to the IMP cites § 195.452, and section 6.1.1 (Identification of High Consequence Areas) sets forth Bridger's procedures for identifying HCAs. Furthermore, since the Swan Ranch Facility opened, its pipeline segments have been known to affect an HCA, and personnel practiced proper procedures in accordance with the IMP. Accordingly, Bridger committed no violation of § 195.452.

In an effort to provide adequate and complete documentation, Bridger has enclosed updated IMP-6-001, *High Consequence Area Segment Identification*, which identifies HCAs overlaying the pipeline segment.

PROBABLE VIOLATION 2:

2. § 195.446 Control room management.

(a) General. This section applies to each operator of a pipeline facility with a controller working in a control room who monitors and controls all or part of a pipeline facility through a SCADA system. Each operator must have and follow written control room management procedures that implement the requirements of this section. The procedures required by this section must be integrated, as appropriate, with the operator's written procedures required by § 195.402. An operator must develop the procedures no later than August 1, 2011, and must implement the procedures according to the following schedule. The procedures required by paragraphs (b), (c)(5), (d)(2) and (d)(3), (f) and (g) of this section must be implemented no later than October 1, 2011. The procedures required by paragraphs (c)(l) through (4), (d)(l), (d)(4), and (e) must be implemented no later than August 1, 2012. The training procedures required by paragraph (h) must be implemented no later than August 1, 2012, except that any training required by another paragraph of this section must be implemented no later than the deadline for that paragraph.

Bridger violated 49 C.F.R. § 195.446(a) by failing to have and follow written control room management procedures that implement the requirements of this section. Bridger is the operator of a pipeline facility with a controller working in a control room who monitors and controls all or part of its pipeline facility through a SCADA system. At the time of the inspection, Bridger referenced a control room management program in its Operations and Maintenance (O&M) manual but when PHMSA requested to see this document, one could not be provided. Therefore, Bridger violated 49 C.F.R. § 195.446(a).

BRIDGER RESPONSE 2:

Bridger admits that its onsite personnel could not locate a control room management program in its Operations and Maintenance Manual at the time of the inspection. Bridger has since directed its onsite personnel to the proper location of this program and has provided additional copies onsite. Bridger has enclosed an updated Control Room Management Program with this response.

PROBABLE VIOLATION 3:

3. § 194.101 Operators required to submit plans (a) Except as provided in paragraph (b) of this section, unless OPS grants a request from an Federal On-Scene Coordinator (FOSC) to require an operator of a pipeline in paragraph (b) to submit a response plan, each operator of an onshore pipeline facility shall prepare and submit a response plan to PHMSA as provided in §194.119. A pipeline which does not meet the criteria for significant and substantial harm as defined in §194.103(c) and is not eligible for an exception under §194.101(b), can be expected to cause substantial harm. Operators of substantial harm pipeline facilities must prepare and submit plans to PHMSA for review.

Bridger, an operator of an onshore pipeline facility that does not fall under any exceptions, failed to prepare and submit a response plan to PHMSA as provided in § 194.119. Specifically, at the time of the inspection, Bridger had not submitted a plan to PHMSA for review, therefore, violating § 194.101 (a).

BRIDGER RESPONSE 3:

Bridger has maintained an Emergency Response Action Plan ("ERAP") for the facility since its commencement of operations in 2013. The ERAP has been submitted to, and approved by, the U.S. Environmental Protection Agency. A copy of the plan is enclosed for your reference.

PROBABLE VIOLATION AND PROPOSED CIVIL PENALTY 5:

5. § 195.420 Valve maintenance.

(b) Each operator shall, at intervals not exceeding 7 1/2 months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

Bridger failed to inspect all mainline valves at intervals not exceeding 7 1/2 months, but at least twice each calendar year, in accordance with § 195.420(b). During the inspection, Bridger personnel did not provide evidence that they had inspected any of their mainline valves for 2014 and 2016.

BRIDGER RESPONSE 5:

Bridger objects to the amount of this penalty as it is unreasonable, disregards mitigating circumstances, is disproportionate to the findings, and would substantially impair Bridger's ability to conduct business at the Facility. Bridger has enclosed records of valve inspection from 2015 and partial records of valve inspection from 2016. As a mitigating circumstance to lack of a second inspection in calendar year 2016, custody transfer units at the Facility were substantially upgraded and reworked that year. The units, including all valves, passed a complete final safety inspection. Bridger will produce records relating to this inspection if requested by PHMSA. Bridger has been in compliance with regard to this item since calendar year 2017, and has no objection to the Proposed Compliance Order. The amount of the proposed civil penalty with relation to this item (\$30,900) does not take into account these mitigating circumstances.

Furthermore, the proposed civil penalty would substantially impair Bridger's ability to operate the Facility and continue in business. Bridger's parent company, Ferrellgas Partners, LP (NYSE: FGP) posted a \$665.4 million loss just 18 months ago directly attributable to relation to the Bridger business segment. Since that time, Bridger has experienced multiple changes in senior management, multiple rounds of layoffs, has seen its parent company's stock price collapse by more 85% since 2015 (destroying the company's Employee Stock Ownership Plan), and has recently begun to sell assets and subsidiaries to fund continuing operations. The amount of the penalty would jeopardize Bridger's ability to continue in business.

PROBABLE VIOLATION AND PROPOSED CIVIL PENALTY 6:

6. § 195.412 Inspection of rights-of-way and crossings under navigable waters.

(a) Each operator shall, at intervals not exceeding 3 weeks, but at least 26 times each calendar year, inspect the surface conditions on or adjacent to each pipeline right-of-way. Methods of inspection include walking, driving, flying or other appropriate means of traversing the right-of-way.

Bridger failed to inspect the surface conditions on and adjacent to its pipeline rights-of-way at intervals not exceeding 3 weeks, but at least 26 times each calendar year. Bridger provided 17 driving right-of-way patrolling records for 2015 and 13 driving right-of-way patrolling records for 2014. During the inspection, Bridger personnel admitted that the remaining records were not available and failed to provide other substantiating evidence that the inspections were performed. By failing to inspect the surface condition on its pipeline right-of-ways 26 times each of those calendar years, Bridger violated § 195.412(a).

BRIDGER RESPONSE 6:

Bridger objects to the amount of this penalty as it is unreasonable, disregards mitigating circumstances, is disproportionate to the findings, and would substantially impair Bridger's ability to conduct business at the Facility. PHMSA notes in its response that Bridger did not completely fail to inspect the pipeline right-of-way, however, Bridger inspect the right-of-way, though less often than required, during calendar years 2014 and 2015. At present, Bridger has confirmed that the right-of-way is being inspected at regular intervals in accordance with regulations, and has verified compliance as far back as calendar year 2016. Finally, Bridger has no objection to the Proposed Compliance Order.

Furthermore, the proposed civil penalty would substantially impair Bridger's ability to operate the Facility and continue in business. Bridger's parent company, Ferrellgas Partners, LP (NYSE: FGP) posted a \$665.4 million loss just 18 months ago directly attributable to relation to the Bridger business segment. Since that time, Bridger has experienced multiple changes in senior management, multiple rounds of layoffs, has seen its parent company's stock price collapse by more 85% since 2015 (destroying the company's Employee Stock Ownership Plan), and has recently begun to sell assets and subsidiaries to fund continuing operations. The amount of the penalty would jeopardize Bridger's ability to continue in business.

PROBABLE VIOLATION 11:

11. **§ 195.573 What must I do to monitor external corrosion control?**
(c) Rectifiers and other devices. You must electrically check for proper performance each device in the first column at the frequency stated in the second column.

Device	Check Frequency
Rectifier.....	At least six times each calendar year, but with intervals not exceeding 2 1/2 months

Bridger failed to perform electrical checks on each rectifier at least six times each calendar year, but with intervals not exceeding every 2 1/2 months for calendar years 2014 and 2015 in accordance with 195.404 (c)(3). During the inspection, Bridger personnel were unable to provide records demonstrating that it had performed electrical checks of its rectifiers at the required intervals.

BRIDGER RESPONSE 11:

Bridger objects to the amount of this penalty as it is unreasonable, disregards mitigating circumstances, is disproportionate to the findings, and would substantially impair Bridger's ability to conduct business at the Facility. Bridger has enclosed logs of rectifier checks that were performed in 2014, 2015, 2016 and 2017. Although Bridger lacks records that two rectifier checks were timely performed, Bridger continues to investigate this issue. At present, Bridger has verified that rectifier checks are being performed in compliance with applicable regulations, and has verified total compliance as far back as calendar year 2016. Finally, Bridger has no objection to the Proposed Compliance Order.

Furthermore, the proposed civil penalty would substantially impair Bridger's ability to operate the Facility and continue in business. Bridger's parent company, Ferrellgas Partners, LP (NYSE: FGP) posted a \$665.4 million loss just 18 months ago directly attributable to relation to the Bridger business segment. Since that time, Bridger has experienced multiple changes in senior management, multiple rounds of layoffs, has seen its parent company's stock price collapse by more 85% since 2015 (destroying the company's Employee Stock Ownership Plan), and has recently begun to sell assets and subsidiaries to fund continuing operations. The amount of the penalty would jeopardize Bridger's ability to continue in business.

PROBABLE VIOLATIONS 4, 7, 8, 9 and 10:

4, 7,
8, 9,
10. **Warning Items.**

BRIDGER RESPONSES 4, 7, 8, 9 and 10:

Bridger is working to promptly correct these items.

PROPOSED COMPLIANCE ORDER:

Reference is hereby made to the Proposed Compliance Order.

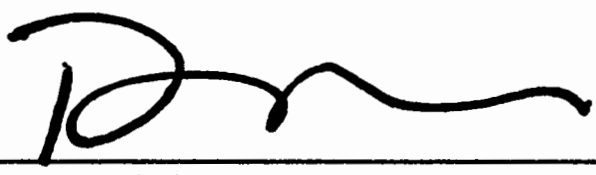
BRIDGER RESPONSE TO PROPOSED COMPLIANCE ORDER:

Bridger has no objection to the substantive contents of the Proposed Compliance Order and is amenable to implementing all the items specified therein; *provided, however*, that PHMSA correct the proposed order to properly reflect "Bridger Swan Ranch, LLC" as the party owning and operating the Swan Ranch Facility, and deleting all references to "Bridger Logistics, LLC", which is not an owner or operator of the Facility.

This concludes our response to the above-identified action. Do not hesitate to contact me using the information set forth on the first page of this correspondence should you have additional questions or concerns relating to this response or the Swan Ranch Facility.

Regards,

BRIDGER SWAN RANCH, LLC
By: Bridger Logistics, LLC, its Manager

By: 
Name: Patrick M. Knapp
Title: Senior Counsel

En: Enclosures

Cc: Otis Randle, VP of Environmental & HSE
 John Russell, Senior Operations Manager, Bridger Swan Ranch