

**NOTICE OF PROBABLE VIOLATION  
and  
PROPOSED CIVIL PENALTY**

**OVERNIGHT EXPRESS DELIVERY**

November 24, 2017

Mr. Steven Green  
Sr. Vice President, Engineering & Construction  
Blue Racer Midstream, LLC  
5949 Sherry Lane  
Suite 1300  
Dallas, TX 75225

**CPF 1-2017-5027**

Dear Mr. Green:

From May 15-19, 2017, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Blue Racer Midstream, LLC's (Blue Racer) pipeline system in Ohio and West Virginia.

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

- 1. § 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 ensure that the manual is effective...**

Blue Racer failed to review and update its procedures for operations, maintenance and emergencies at intervals not exceeding 15 months, but at least once each calendar year, during calendar years 2015 and 2016.

During the inspection, the PHMSA inspector reviewed Blue Racer's records of review of its manuals pertaining to Subparts F and H requirements of 49 C.F.R. Part 195. The following table summarizes the data present in these records:

<b>Blue Racer Manual Name</b>	<b>2015 Review</b>	<b>2016 Review</b>	<b>Count of missed annual reviews:</b>
Operations & Maintenance /Emergency Plan V.17.01	No Review	No Review	2
Corrosion Control (Part of the OM&E Manual)	No Review	No Review	
Control Room Management V 3.0 (Part of the OM&E Manual)	No Review	No Review	
Public Awareness Program V.1 (Part of the OM&E Manual)	2/6/15	No Review	
Integrity Management Plan V.1 (Part of the OM&E Manual)	11/2/15	No Review	
Emergency Procedures V 17.01 (Part of the OM&E Manual)	No Review	No Review	
<b>Total: 6 OM&amp;E Manual sections</b>			<b>Total: 2</b>

Therefore, Blue Racer failed to review or update its procedures for operation, maintenance and emergencies at intervals not exceeding 15 months, but at least once per calendar year in 2 instances during 2015 and 2016.

**2. § 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 7 ½ 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.**

Blue Racer failed to inspect and test its pressure safety valve for a highly volatile liquid at intervals not to exceed 7.5 months, but at least twice a year, to determine it was 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.

During the inspection, the PHMSA inspector reviewed Blue Racer's inspection and testing records for its overpressure safety valve #100. Blue Racer provided the following records for 2016 and 2017:

PSV # 100	195.428 (a) Inspection	Missed Twice per calendar Year Inspections	Exceeded 7.5 month interval
2016	10/6/2016	1	N/A
2017	6/15/2017	0	1 – Exceeded by 24 days

Based on these dates of inspection, Blue Racer did not meet the § 195.428 inspection criteria of twice per calendar year during 2016. In addition, the inspection dates between the 2016 and 2017 inspections exceeded the 7.5 months' maximum interval by 24 days.

#### Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists up to a maximum of \$2,090,022 for a related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$71,800 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$19,300
2	\$52,500

#### 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. All material submit in response to this enforcement action may be 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).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 190.211. 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. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from the receipt of this Notice. This period may be extended by written request for good cause.

Please submit all correspondence in this matter to Robert Burrough, Acting Director, PHMSA Eastern Region, 820 Bear Tavern Road, Suite 103, West Trenton, NJ 08628. Please refer to **CPF 1-2017-5027** on each document you submit, and whenever possible provide a signed PDF copy in electronic format. Smaller files may be emailed to [robert.burrough@dot.gov](mailto:robert.burrough@dot.gov). Larger files should be sent on a CD accompanied by the original paper copy to the Eastern Region Office.

Additionally, if you choose to respond to this (or any other case), please ensure that any response letter pertains solely to one CPF case number.

Sincerely,

Robert Burrough  
Acting Director, Eastern Region  
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*