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**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY**

In the Matter of)
)
Blue Racer Midstream, LLC,)
)
Respondent.)
_____)

CPF No. 1-2019-5007W

RESPONSE TO WARNING LETTER

I. Introduction

On July 8, 2019, the Pipeline and Hazardous Materials Safety Administration (PHMSA or the Agency) issued a warning letter in the above-referenced proceeding to Blue Racer Midstream, LLC (Blue Racer or the Company). In the warning letter, PHMSA acknowledged that an earlier enforcement action against Blue Racer had been withdrawn in response to concerns about the jurisdictional status and operating conditions of the B2N Pipeline. PHMSA also acknowledged that the Agency agreed with Blue Racer's determination that the B2N Pipeline is a gathering line under 49 C.F.R. Part 195.

PHMSA also indicated in the warning letter that the B2N Pipeline contains segments that are subject to regulation under 49 C.F.R. Part 195. In particular, the Agency stated that certain segments qualify as regulated rural gathering lines under 49 C.F.R. § 195.11(b). PHMSA further stated that another segment, approximately 2,660 feet in length, passes through the boundaries of Clarington, Ohio, and is a non-rural gathering line subject to all of the requirements in 49 C.F.R. Part 195.

The Agency then advised Blue Racer that the results of a May 2017 pipeline safety inspection indicated that the Company had committed a probable violation of 49 C.F.R. § 195.402(a). Specifically, PHMSA indicated that the Company had not conducted a review of the Clarington segment's manual for operations, maintenance, and emergencies at the required intervals during the 2015 and 2016 calendar years. The Agency noted that the circumstances and supporting documents involved in the case indicated that an enforcement action was not warranted. However, PHMSA advised Blue Racer to correct the items identified in the warning

letter, and that a failure to do so could lead to an enforcement action in the future.

II. Response

Blue Racer appreciates PHMSA's acknowledgment that the B2N Pipeline is properly classified as a gathering line under Part 195. As demonstrated by the documents and other materials submitted in the prior enforcement action, the B2N Pipeline is "a pipeline 219.1 mm (85/8 in) or less nominal outside diameter that transports petroleum from a production facility." 49 C.F.R. § 195.2. Accordingly, the Company's use of the gathering line classification for the B2N Pipeline is appropriate.

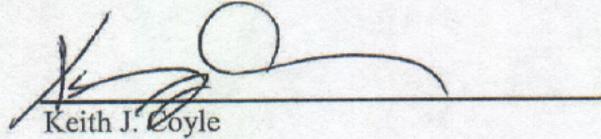
In addition, Blue Racer appreciates PHMSA's decision to advise the Company about the applicability of Part 195 to the Clarington segment. While nearly all of the B2N Pipeline is located in rural areas in Ohio and West Virginia, Blue Racer's review of information maintained by the Ohio Department of Transportation indicates that approximately 2,586 feet of pipe lies within the boundaries of the Village of Clarington, Ohio. Because villages are excluded from the definition of rural area in 49 C.F.R. § 195.2, that portion of the B2N Pipeline (approximately 1.7% of its total length) is a regulated non-rural gathering line.

With regard to the Agency's concerns about the annual reviews required under 49 C.F.R. § 195.402(a), Blue Racer notes that internal documentation confirms that the Company reviewed the B2N Pipeline's manual for operations, maintenance, and emergencies in 2017, 2018, and 2019. Blue Racer further notes that the Company has taken other steps to enhance its pipeline safety programs in recent years, including updating its integrity management and operator qualification programs. Blue Racer believes these actions reflect the Company's commitment to ensuring compliance with PHMSA's regulations and improving the overall safety and reliability of the B2N Pipeline.

Finally, Blue Racer notes that the Company voluntarily treats the entire length of the B2N Pipeline as subject to 49 C.F.R. Part 195, even though the regulations only apply to certain pipeline segments. Going above and beyond the minimum requirements and applying all of the Blue Racer's programs (design, construction, testing, operations, maintenance, operator qualification, corrosion control, and integrity management) to the B2N Pipeline is a further demonstration of the Company's commitment to continuous improvement and pipeline safety. Blue Racer hopes that PHMSA affords appropriate consideration to that commitment in deciding how to handle any potential concerns that might arise in the future.

III. Conclusion

Blue Racer shares PHMSA's commitment to pipeline safety and appreciates the opportunity to respond to the concerns identified in the warning letter.

A handwritten signature in black ink, appearing to read "Keith J. Coyle", is written over a solid horizontal line.

Keith J. Coyle

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