U.S. Department
of Transportation

**Pipeline and
Hazardous Materials
Safety Administration**

840 Bear Tavern Road, Suite 300
West Trenton, NJ 08628
609.771.7800

WARNING LETTER

OVERNIGHT EXPRESS DELIVERY

July 8, 2019

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

CPF 1-2019-5007W

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, PHMSA issued to Blue Racer a Notice of Probable Violation and Proposed Civil Penalty (Notice) on November 24, 2017. Blue Racer responded to the Notice on December 21, 2017, in which it contested the items in the Notice and requested a hearing. Subsequently, Blue Racer raised questions about the jurisdictional status and operating classification of the B2N pipeline in its pre-hearing brief filed on April 23, 2018. The Notice was subsequently withdrawn to allow PHMSA sufficient time to gather and review additional data pertaining to the operating classifications of the B2N pipeline as it pertained to this case.

After further review of the classification issue, PHMSA has concluded that the B2N pipeline currently operates as a gathering line containing segments of non-regulated rural gathering pipeline, segments of regulated rural gathering pipeline subject to the specific safety requirements found in § 195.11(b), and segments of non-rural gathering pipeline subject to all requirements of 49 CFR Part 195. Specifically, these non-rural gathering pipeline segments of the B2N pipeline include a total of approximately 2660' of pipeline that pass through an Other Population Area (OPA) in and around the village of Clarington, Ohio.

The original Notice and associated CPF 1-2017-5027 have been closed, as indicated by separate correspondence dated July 8, 2019.

Based on this conclusion, with respect to the non-rural gathering pipeline segments, which are subject to all the requirements of 49 CFR Part 195, 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:

Blue Racer Manual Name	2015 Review	2016 Review	Count of missed annual reviews:
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	
Total: 6 OM&E Manual sections			**Total: 2**

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.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed $213,268 per violation per day the violation persists, up to a maximum of $2,132,679 for a related series of violations. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed $209,002 per violation per day, with a maximum penalty not to exceed $2,090,022. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed $200,000 per violation per day, with a maximum penalty not to exceed $2,000,000 for a related series of violations. 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 correct the item(s) identified in this letter. Failure to do so will result in Blue Racer being subject to additional enforcement action.

Please 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).

No reply to this letter is required. If you choose to reply, please submit all correspondence in this matter to Robert Burrough, Director, PHMSA Eastern Region, 840 Bear Tavern Road, Suite 300, West Trenton, NJ 08628. Please refer to **CPF 1-2019-5007W** 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. Larger files should be sent on USB flash drive accompanied by the original paper copy to the Eastern Region Office.

Sincerely,

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