

WARNING LETTER

OVERNIGHT EXPRESS DELIVERY

July 23, 2020

Robert G. Phillips
Chairman, President and Chief Executive Officer
Crestwood Equity Partners LP
Executive Office
2440 Pershing Rd., Suite 600
Kansas City, MO 64108

CPF 1-2020-1026W

Dear Mr. Phillips:

From January 16, 2019 to September 5, 2019, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected your records and procedures at Crestwood Midstream Partners LP (Crestwood)'s offices in Houston, Texas, and Wyalusing, Pennsylvania.

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 violations are:

1. **§ 192.481 Atmospheric corrosion control: Monitoring.**
 - (a) **Each operator must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:**

If the pipeline is located:	Then the frequency of inspection is:
Onshore	At least once every 3 calendar years, but with intervals not exceeding 39 months
Offshore	At least once each calendar year, but with intervals not exceeding 15 months

Crestwood failed to inspect each onshore pipeline or portion of onshore pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion at least once every 3 calendar years, but with intervals not exceeding 39 months.

During the inspection, the PHMSA inspector requested Crestwood to produce both the most recent, and any prior, atmospheric corrosion inspection records for its M1S Compressor Station. Crestwood produced only one record titled “CNYOG Atmospheric Inspections, Selected ROWs: PA Stations; Station; Marcl South;1” that showed an atmospheric corrosion inspection was conducted on November 4, 2016 at M1S Compressor Station. Crestwood stated that the M1S Compressor Station was commissioned in November 2012. Thus, the inspection of atmospheric corrosion exceeded 3 calendar years and exceeded 39 months from the time pipeline was commissioned.

Therefore, Crestwood failed to inspect the onshore pipelines that were exposed to the atmosphere at its M1S Compressor Station for evidence of atmospheric corrosion in accordance with the interval prescribed in § 192.481(a).

2. § 192.616 Public awareness.

(a) ...

(i) The operator's program documentation and evaluation results must be available for periodic review by appropriate regulatory agencies.

Crestwood failed to have program documentation and evaluation results available for periodic review by appropriate regulatory agencies. Specifically, Crestwood did not have a record of its evaluation results in which a third-party evaluated its public awareness program, in five instances.

According to American Petroleum Institute Recommended Practice 1162, 1st edition, December 2003, (API RP 1162), Subsection 8.5 Summary of Baseline Evaluation Program, Table 8-1 – Summary of Baseline Evaluation Program, a self-assessment of implementation evaluation must be conducted annually and an evaluation of effectiveness of program implementation must be conducted no more than four years apart.

API RP 1162 states in part:

Subsection 7.1 Program Documentation ...Each operator of a hazardous liquid pipeline system, natural gas transmission pipeline system, gathering pipeline system or a natural gas distribution pipeline system should establish (and periodically update) a written Public Awareness Program designed to cover all required components of the program described in this RP. The written program should include: ...

g. The program evaluation process, including the evaluation objectives, methodology to be used to perform the evaluation and analysis of the results, and criteria for program improvement based on the results of the evaluation....

Subsection 7.2 Program Recordkeeping ...

The operator should maintain records of key program elements to demonstrate the level of implementation of its Public Awareness Program. Record keeping should include:

... c. All program evaluations, including current results, followup actions and expected results.

1) Crestwood had no documentation of its results for its annual implementation evaluation for 2016, 2017 and 2018.

During the week of June 11, 2019, the PHMSA inspector requested Crestwood to provide its annual implementation evaluations for 2016 - 2018. According to Crestwood, it used a third-party to conduct the annual implementation evaluations. Subsequently, Crestwood provided documentation titled *Public Awareness Plan Annual Implementation Audit for Crestwood and Stagecoach Combined* for 2016 - 2018. The PHMSA inspector requested Crestwood to provide its result of the evaluations. Crestwood indicated that it would review the evaluation but did not document its review or results from 2016 – 2018. Crestwood did not provide a record to demonstrate it decided a result for the implementation evaluations.

2) Crestwood had no documentation of results for its four-year effectiveness evaluation for 2014 and 2018.

During the week of June 11, 2019, the PHMSA inspector requested Crestwood to provide its effectiveness evaluations for 2014 and 2018. Crestwood used a third-party to conduct the effectiveness evaluations as well. Subsequently, Crestwood provided documentation titled *Public Awareness Effectiveness Evaluation* for 2014 and 2018. Similarly, Crestwood indicated that it did not document its review of the effectiveness evaluation or results for 2014 and 2018. Notwithstanding Crestwood having no record of the results, Crestwood did not have its effectiveness evaluation for 2018 available for the PHMSA inspector during that week. Eventually, Crestwood provided its effectiveness evaluation for 2018 to the PHMSA inspector in July 2019. Crestwood did not provide a record to demonstrate it decided a result for the effectiveness evaluations.

Therefore, Crestwood failed to have program documentation and evaluation results available for periodic review by appropriate regulatory agencies as prescribed in § 192.616(i).

3. § 192.907 What must an operator do to implement this subpart?

(a) General. No later than December 17, 2004, an operator of a covered pipeline segment must develop and follow a written integrity management program that contains all the elements described in §192.911 and that addresses the risks on each covered transmission pipeline segment. The initial integrity management program must consist, at a minimum, of a framework that describes the process for implementing each program element, how relevant decisions will be made and by whom, a time line for completing the work to implement the program element, and how information gained from experience will be continuously incorporated into the program. The framework will evolve into a more detailed and comprehensive program. An operator must make continual improvements to the program.

Crestwood failed to develop and follow a written integrity management program that contained all the elements described in § 192.911. Additionally, Crestwood failed to make continual improvements to its integrity management program, and evolve its initial framework into a more detailed and comprehensive program.

During the inspection, Crestwood stated that its initial integrity management program was implemented in 2011. Subsequently, Crestwood stated that it identified a covered pipeline segment on its Marc 1 pipeline in 2014.

The PHMSA inspector reviewed Crestwood's integrity management program, which was titled *Mechanical Integrity Program, 49 CFR 192 Subpart O, Pipeline Integrity Management, Revision 6, Revision Date: 06062018* (Mechanical Integrity Program). The PHMSA inspector noticed several written procedures contained within the Mechanical Integrity Program did not have sufficient information to ensure compliance with the requirements under § 192.911. Moreover, Crestwood did not have procedures to address § 192.911(h) in relation to § 192.935(c). At the time of this inspection, Crestwood's Integrity Management Program did not cross-reference documents to ensure compliance was covered elsewhere. Based on the foregoing, Crestwood did not ensure that the appropriate written processes were implemented to protect the integrity of its pipeline located in a high consequence area. As a result, the PHMSA inspector communicated to Crestwood, verbally and in writing, that its Mechanical Integrity Program did not have detailed written processes.

In general, Crestwood's Mechanical Integrity Program did not fully address each element stated under § 192.911 or contain sufficient information on the elements in its integrity management program. Therefore, Crestwood's Mechanical Integrity Program failed to conform to the requirements in § 192.907(a).

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. 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 Crestwood Midstream Partners, LP being subject to additional enforcement action.

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 1-2020-1026W** 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

CC: Eric Ormond, Vice President, Engineering & Project Management, Crestwood Midstream Partners LP (via email)