

December 1, 2016

Mr. David G. Dehaemers, Jr.
President & CEO
Tallgrass Energy Partners, LP
370 Van Gordon Street
Lakewood, CO 80228

Re: CPF No. 3-2016-5001

Dear Mr. Dehaemers:

Enclosed please find the Final Order issued in the above-referenced case. It makes a finding of violation and assesses a civil penalty of \$14,700. It further finds that Tallgrass Energy Partners, LP has completed the actions specified in the Notice to comply with the pipeline safety regulations. When the civil penalty has been paid, this enforcement action will be closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Acting Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Allan C. Beshore, Director, Central Region, OPS

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

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| In the Matter of |) | |
| |) | |
| Tallgrass Pony Express Pipeline, LLC, |) | |
| a subsidiary of Tallgrass Energy |) | |
| Partners, LP, |) | CPF No. 3-2016-5001 |
| |) | |
| Respondent. |) | |

FINAL ORDER

On February 13, 2015, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), sent Tallgrass Pony Express Pipeline, LLC, a subsidiary of Tallgrass Energy Partners, LP (Tallgrass or Respondent) a Request for Specific Information for two over-pressure incidents that occurred on October 7, 2014, between Jennings Station and Natoma Station in Kansas and on October 28, 2014, at Cushing Station in Cushing, Oklahoma. The Tallgrass systems consist of a crude oil line that operates approximately 700 miles of pipeline from Wyoming to Oklahoma.¹

As a result of the inspection, the Director, Central Region, OPS (Director), issued to Respondent, by letter dated March 16, 2016, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Tallgrass had violated 49 C.F.R. § 195.406, and proposed assessing a civil penalty of \$14,700 for the alleged violation. The Notice also proposed ordering Respondent to take certain measures to correct the alleged violation.

Tallgrass responded to the Notice by letter dated April 19, 2016 (Response). The company did not contest the allegations of violation but provided information concerning the corrective actions it had taken and submitted copies of its revised procedures. Respondent did not request a hearing and therefore has waived its right to one.

FINDING OF VIOLATION

In its Response, Tallgrass did not contest the allegation in the Notice that it violated 49 C.F.R. Part 195, as follows:

¹ Pipeline Safety Violation Report (Violation Report), (Mar. 16, 2016) (on file with PHMSA), at 1.

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.406, which states in relevant part:

§ 195.406 Maximum Operating Pressure.

(a)

(b) No operator may permit the pressure in a pipeline during surges or other variations from normal operations to exceed 110 percent of the operating pressure limit established under paragraph (a) of this section. Each operator must provide adequate controls and protective equipment to control the pressure within this limit.

The Notice alleged that Respondent violated 49 C.F.R. § 195.406 by failing to provide adequate controls and protective equipment to ensure the pressure in its pipeline did not exceed 110 percent of the permitted maximum operating pressure. Specifically, the Notice alleged Tallgrass failed to provide adequate controls and protective equipment to limit the pressure to 110 percent on two occasions during the operation of the Tallgrass pipeline in October of 2014. On October 7, 2014, during the line fill operations of Tallgrass, Tallgrass personnel did not open a valve at the Cushing Station to relieve the nitrogen that was being used as backpressure to keep the line from going slack.² As a result, the pressure of the line began to build up to over 110 percent of the maximum operating pressure at several locations between Jennings and Natoma Stations in Kansas.³ On October 28, 2014, a controller was checking the operation of main line valves at the Cushing Station because he had noted that a couple of mainline valves on the northern end of the pipeline had not responded.⁴ As the valves opened, head pressure on the mainline caused the Cushing Station piping to reach over 110 percent of the 285 psig maximum operating pressure.⁵

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.406 by failing to provide adequate controls and protective equipment to ensure the pressure in its pipeline did not exceed 110 percent of the permitted maximum operating pressure.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations. In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the

² Notice at 2.

³ *Id.*

⁴ *Id.*

⁵ *Id.*

degree of Respondent's culpability; the history of Respondent's prior offenses; the Respondent's ability to pay the penalty and any effect that the penalty may have on its ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require. The Notice proposed a total civil penalty of \$14,700 for the violations cited above.

Item 1: The Notice proposed a civil penalty of \$14,700 for Respondent's violation of 49 C.F.R. § 195.406, for failing to provide adequate controls and protective equipment to ensure the pressure did not exceed 110 percent of the permitted maximum operating pressure. Tallgrass did not contest the allegation, but requested that the proposed penalty be reduced or eliminated based on the immediate actions taken by the company and the substantial costs incurred as a result of the over-pressure incidents.⁶

I find that the penalty amount proposed in the notice is warranted considering the nature, circumstances, and gravity of the violation and Respondent's culpability for the violation. Respondent is correct that the pipeline was subject to over-pressurization exceeding the 100 percent of the permitted maximum operating pressure for a short period of time, but this was taken into consideration when the proposed penalty amount was determined and would have been higher had the period of over-pressurization been longer. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$14,700 for violation of 49 C.F.R. § 192.605. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$14,700 for violation of 49 C.F.R. § 195.

In summary, having reviewed the record and considered the assessment criteria for each of the Items cited above, I assess Respondent a total civil penalty of **\$14,700**.

Payment of the civil penalty must be made within 20 days of service. Federal regulations (49 C.F.R. § 89.21(b)(3)) require such payment to be made by wire transfer through the Federal Reserve Communications System (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMK-325), Federal Aviation Administration, 6500 S MacArthur Blvd., Oklahoma City, Oklahoma 79169. The Financial Operations Division telephone number is (405) 954-8845.

Failure to pay the \$14,700 civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 C.F.R. § 901.9 and 49 C.F.R. § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in a district court of the United States.

⁶ Response at 2.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 1 in the Notice for violations of 49 C.F.R. § 195. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. The Director indicates that Respondent has taken the following actions specified in the proposed compliance order:

1. With respect to the violation of § 195.406 (**Item 1**), Respondent has evaluated all overpressure set points at each station on Tallgrass Pipeline to ensure that the set points will adequately protect the pipeline and station's maximum operating pressure and re-set as necessary. Tallgrass identified all personnel involved in the incidents and retrained them on the procedures for line fill and start-up of all stations. It also reviewed controller training an operating procedures to address any needed enhancements as a result of the two incidents.

2. Respondent has completed and submitted records demonstrating the re-evaluation of all overpressure protection equipment and reset of set-points. Tallgrass also submitted records that demonstrated the identification and re-training of all personnel on the line fill and start-up procedures of the stations and the review of the controller operating and training procedures.

Accordingly, I find that compliance has been achieved with respect to this violation. Therefore, the compliance terms proposed in the Notice are not included in this Order.

Under 49 C.F.R. § 190.243, Respondent has a right to submit a Petition for Reconsideration of this Final Order. The petition must be sent to: Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. PHMSA will accept petitions received no later than 20 days after receipt of service of this Final Order by the Respondent, provided they contain a brief statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. The filing of a petition automatically stays the payment of any civil penalty assessed. Unless the Associate Administrator, upon request, grants a stay, all other terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

December 1, 2016

Alan K. Mayberry
Acting Associate Administrator
for Pipeline Safety

Date Issued