

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 21, 2017

Mr. Heath Norman
CEO
Dakota Midstream
1400 Wewatta Street, Suite 310
Denver, CO 80202

CPF 3-2017-6003M

Dear Mr. Norman:

On November 28 through December 2, 2016, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Dakota Midstream's *Operations, Maintenance and Emergency Procedures*, near Alexandria, North Dakota.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Dakota Midstream's procedures, as described below:

- 1. §195.402 Procedural manual for operations, maintenance, and emergencies.**
(c) *Maintenance and normal operations*. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:
(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.

§195.432 Inspection of in-service breakout tanks.

(b) Each operator must inspect the physical integrity of in-service atmospheric and low-pressure steel above-ground breakout tanks according to API Std. 653 ...

Dakota Midstream's procedures did not include the inspection requirements of API Std. 653 on breakout tanks. The procedures did not address all the inspection interval requirements of API 653 section 6, including; monthly inspections, in-service inspections, ultrasonic inspections, and out-of-service inspections. Dakota Midstream's procedures also did not include the personnel responsible for completing the tank inspections, and the documentation requirements of each inspection.

2. §195.402(c)(3) – See above

§195.565 How do I install cathodic protection on breakout tanks?

After October 2, 2000, when you install cathodic protection under §195.563(a) to protect the bottom of an aboveground breakout tank of more than 500 barrels 79.49m³ capacity built to API Spec 12F ... you must install the system in accordance with ANSI/API RP 651.

Dakota Midstream's procedures did not include the requirements to install cathodic protection on above ground breakout tanks. The procedures did not address the requirement that cathodic protection must be installed between the tank bottom and nonconductive impermeable liners per API 651 7.2.3.1 (incorporated by reference).

3. §195.402(c)(3) – See above

§195.579 What must I do to mitigate internal corrosion?

(a) General. If you transport any hazardous liquid or carbon dioxide that would corrode the pipeline, you must investigate the corrosive effect of the hazardous liquid or carbon dioxide on the pipeline and take adequate steps to mitigate internal corrosion.

Dakota Midstream's procedures did not include the requirements to investigate the corrosive effects of hazardous liquids, specifically crude oil, and taking adequate steps for mitigation of internal corrosion. The procedures also did not describe mitigation efforts, such as the use of periodic cleaning pigs in the pipeline system.

4. §195.402(c)(3) – See above

§195.579 What must I do to mitigate internal corrosion?

(d) Breakout tanks. After October 2, 2000, when you install a tank bottom lining in an aboveground breakout tank built to API Spec 12F ... you must install the lining in accordance with API RP 652.

Dakota Midstream's procedures did not include the installation of tank liners according to API RP 652, including the installation of liners for new tanks.

5. §195.402 Procedural manual for operations, maintenance, and emergencies.

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(12) Establishing and maintaining liaison with fire, police, and other appropriate public officials to learn the responsibility and resources of each government organization that may respond to a hazardous liquid or carbon dioxide emergency

Dakota Midstream's procedures did not include the requirement to learn the responsibility and resources of each government organization that may respond to a hazardous liquid emergency, including how responsibilities and resources will be learned and how this information will be integrated into the Emergency Plans.

6. §195.402 Procedural manual for operations, maintenance, and emergencies.

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(13) Periodically reviewing the work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found.

Dakota Midstream's procedures did not include periodically reviewing the work done by operator personnel to determine effectiveness of the procedures and taking corrective action when deficiencies are found. The procedures did not address the following: what personnel and normal operation & maintenance procedures require the review; the defined periods for review; and how the work done by personnel will be reviewed.

7. §195.402 Procedural manual for operations, maintenance, and emergencies.

(d) *Abnormal operation.* The manual required by paragraph (a) of this section must include procedures for the following to provide safety when operating design limits have been exceeded:

(5) Periodically reviewing the response of operator personnel to determine the effectiveness of the procedures controlling abnormal operation and taking corrective action where deficiencies are found.

Dakota Midstream's procedures did not include periodically reviewing the response of operator personnel to determine the effectiveness of the procedures controlling abnormal operations and taking corrective action where deficiencies are found.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. 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. 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).

Following the receipt of this Notice, you have 30 days to submit written comments, revised procedures, or a request for a hearing under §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 an Order Directing Amendment. If your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within [number of days] days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Dakota Midstream maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Allan Beshore, Director, Central Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 3-2017-6003M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Allan C. Beshore
Director, Central Region, OPS
Pipeline and Hazardous Materials Safety Administration

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