U.S. Department
of Transportation

**Pipeline and Hazardous Materials
Safety Administration**

901 Locust Street, Suite 462
Kansas City, Missouri 64106-2641

NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 17, 2019

Jason Swaren
Vice President, Operations
Oasis Midstream Partners
1001 Fannin St. Suite 1500
Houston, TX 77002

CPF 3-2019-5020

Dear Mr. Swaren:

On January 8 - 12, January 29 – February 2, February 12 – 16 and April 16 – 20, 2018, representatives 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 your Oasis Petroleum North America, formerly Oasis Midstream Partners, (Oasis) pipeline near Johnsons Corner (JC) and City of Williston (COW) units in Watford City and Williston, ND.

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. **§194.107 General response plan requirements**
   (a)....

   (c) Each response plan must include:

   (1) A core plan consisting of-

   (ix) Drill program-an operator will satisfy the requirement for a drill program by following the National Preparedness for Response Exercise Program (PREP) guidelines. An operator choosing not to follow PREP guidelines must have a drill program that is equivalent to PREP. The operator must describe the drill program in the response plan and OPS will determine if the program is equivalent to PREP.

   Oasis failed to follow the National Preparedness for Response Exercise Program (PREP) guidelines. Specifically, Oasis did not perform all required PREP drills within a 3-year period as required by the PREP guidelines or a drill program that is equivalent to PREP. Johnson's Corner Unit had five missing PREP drill activities. Oasis personnel indicated that they had not performed all the required PREP drills shown in the table below.

Johnson's Corner - Start-Up on 10/10/2016.				
Type	Required in 3 Years.	Oct. 2016	2017	2018
QI	12	Missing 1	Mar. 2017, Missing 3	
Tabletop	3		Mar. 2017	
Unannounced	3		Missing 1	
Equipment	3		Jan. 2017 Mar. 2017	
Triennial	1			

2. **§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 insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

(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:

(1) Responding to, investigating, and correcting the cause of:

(i) Unintended closure of valves or shutdowns;

(ii) Increase or decrease in pressure or flow rate outside normal operating limits;

(iii) Loss of communications;

(iv) Operation of any safety device;

(v) Any other malfunction of a component, deviation from normal operation, or personnel error which could cause a hazard to persons or property.

Oasis failed to follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. Specifically, Oasis procedure P-195.402(d) states, "[t]he control center supervisor should gather all information concerning the abnormal operation, including the cause, effects, response, corrections, follow-up, monitoring, and any resulting procedure reviews, and maintain these records in the control center files." During the inspection, Oasis could not produce records that indicated operator's personnel responded to, investigated or gathered information concerning their indications of abnormal operations, as required by the written procedures. Based on the inspectors review of records, there were 19 abnormal operations in 2017 and 13 in 2018 that did not receive a documented response or investigation by the control center supervisor.

3. **§195.403 Emergency Response Training.**

(a) Each operator shall establish and conduct a continuing training program to instruct emergency response personnel to:

(1) Carry out the emergency procedures established under 195.402 that relate to their assignments;

(5) Learn the potential causes, types, sizes, and consequences of fire and the appropriate use of portable fire extinguishers and other on-site fire control equipment, involving, where feasible, a simulated pipeline emergency condition.

Oasis failed to establish and conduct a continuing training program to instruct emergency response personnel to carry out the emergency procedures established under 195.402 that

relate to their assignments. Specifically, Oasis records indicated that 39 individuals had training from 2016 to 2018, but the training did not comply with § 195.403(a)(1) and (a)(5).

Paragraph 195.402(e)(1), as provided by § 195.403(a)(1), requires that an operator's manual of written procedures for handling emergencies must include procedures for "[r]eceiving, identifying, and classifying notices of events which need immediate response by the operator or notice to fire, police, or other appropriate public officials and communicating this information to appropriate operator personnel for corrective action."

Additionally, Oasis' training program failed to instruct, as provided by § 195.403(a)(5), emergency response personnel to learn the potential causes, types, sizes, and consequences of fire and the appropriate use of portable fire extinguishers and other on-site fire control equipment, involving, where feasible, a simulated pipeline emergency condition.

In reviewing Oasis' McKenzie County Emergency Response Program (ERP), the PHMSA inspector noted the training did not: 1) Address the receiving, identifying, and classifying notices of events which need immediate response by the operator. 2) Address the potential causes, types, sizes and consequences of fire and the appropriate use of portable fire extinguishers.

4. **§195.420 Valve maintenance.**
(a) . . . .

(b) Each operator shall, at intervals not exceeding 71/2 months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

Oasis failed to inspect each mainline valve to determine that it functioned properly at intervals not exceeding 7-1/2 months, but at least twice each calendar year. The Johnson's Corner line went into service on 10/10/2016 and the first valve inspection was completed on 3/3/2018. Oasis stated to PHMSA that no valve inspections occurred during that period. There were 2 inspection cycles missed for 4 valves for a total of 8 valve inspections that were not performed.

5. **§195.446 Control room management.**
(a) . . . .

(h) Training. Each operator must establish a controller training program and review the training program content to identify potential improvements at least once each calendar year, but at intervals not to exceed 15 months. An operator's program must

provide for training each controller to carry out the roles and responsibilities defined by the operator. In addition, the training program must include the following elements:

(4) Training that will provide a controller a working knowledge of the pipeline system, especially during the development of abnormal operating conditions;

Oasis failed to establish a controller training program that provides its controllers a working knowledge of the pipeline system, especially during the development of abnormal operating conditions. An essential part of the working knowledge of the pipeline system includes knowledge of the safety related data points. Oasis had not developed a list of safety related data points. Five controllers attended the operator's control room management training. During the inspection, PHMSA interviewed a controller who stated that he had not seen a list of safety related points and was unaware of which points were safety related beyond MOP and high pressure.

6. **§195.446 Control room management.**
   (a) . . . .

   (j) *Compliance and deviations.* An operator must maintain for review during inspection:

   (1) Records that demonstrate compliance with the requirements of this section;

   Oasis failed to maintain records as required by §195.446(j)(1) to demonstrate compliance with §195.446(c)(2). During the inspection, Oasis could not produce records for the point-to-point verifications required by §195.446(c)(2). An email from the Oasis Pipeline Control Center Supervisor states that they had performed the verifications but had no documentation. A total of 14 points did not have verification documentation.

7. **§195.505 Qualification program.**

   Each operator shall have and follow a written qualification program. The program shall include provisions to:
   (a) . . . .

   (b) Ensure through evaluation that individuals performing covered tasks are qualified;

   The operator did not follow its written qualification program. Oasis' Operator Qualification (OQ) plan required written (knowledge) <u>and</u> performance evaluations for all covered tasks as listed in Appendix C "Qualification Requirements Column – Knowledge and Performance" . Although written evaluations were completed before pipeline

operation, there were no performance evaluations conducted until after the Johnson's Corner (JC) pipeline began operations on October 10, 2016. A submittal was received from Oasis detailing tasks performed by nine unqualified personnel. Based on documentation the PHMSA inspector reviewed, the JC pipeline was operated from October 10, 2016 through May 1, 2017 by four unqualified North Dakota controllers. On April 4, 2017, the first Houston controller received adequate operator qualification training. That person began controlling the pipeline on May 2, 2017. Additionally, this submittal showed that five other OQ covered tasks (patrolling, launching / receiving pigs, operating valves, and line locating) were performed on the pipeline by six unqualified field personnel in North Dakota.

8. **§195.563 Which pipelines must have cathodic protection?**

(a) Each buried or submerged pipeline that is constructed, relocated, replaced, or otherwise changed after the applicable date in §195.401(c) must have cathodic protection. The cathodic protection must be in operation not later than 1 year after the pipeline is constructed, relocated, replaced, or otherwise changed, as applicable.

Oasis failed to have its cathodic protection system in operation no later than 1 year after its pipeline was constructed. The JC pipeline was hydrostatically tested on August 29, 2016, which means the pipeline had already been constructed by that date. Cathodic protection on the pipeline was complete and in operation on October 4, 2017. This exceeded the 1 year requirement by 36 days.

9. **§195.591 In-Line inspection of pipelines.**

When conducting in-line inspection of pipelines required by this part, each operator must comply with the requirements and recommendations of API Std 1163, Inline Inspection Systems Qualification Standard; ANSI/ASNT ILI-PQ, Inline Inspection Personnel Qualification and Certification; and NACE SP0102-2010, Inline Inspection of Pipelines (incorporated by reference, see §195.3). An in-line inspection may also be conducted using tethered or remote control tools provided they generally comply with those sections of NACE SP0102-2010 that are applicable.

Oasis did not comply with the requirements and recommendations of NACE SP0102-2010 when conducting in-line inspection of pipelines required by Part 195. Specifically, Oasis did not correlate ILI results after the Rosen Combo MFL tool run that took place in November of 2017 as required by Section 8.1.1.4. NACE SP0102-2010. Section 8.1.1.4 states, "[c]orrelations should be made between field assessment information and ILI data. All accuracy errors associated with field measurement and ILI data must be taken into account in integrity assessment and planning." As part of the Oasis' response to PHMSA's inspection, Oasis hired a contractor named TEAM to provide ultrasonic testing (UT) readings which took place on 6/20/2018 for the purpose of validating the tool run.

Additionally, Oasis decided to complete 2 digs which took place on 9/8/2018 and 9/9/2018 to further validate the tool run. Oasis was unable to provide records showing any correlations made between the field assessment information and ILI data prior to the inspection. Oasis has submitted updated procedures to correct this going forward.

Proposed Civil Penalty

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 violations 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. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of $207,800 as follows:

Item number	PENALTY
1	$ 20,300
4	$ 21,400
5	$ 46,600
6	$ 20,000
7	$ 99,500

Warning Items

With respect to items 2, 8 and 9, 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 promptly correct these items. Failure to do so may result in additional enforcement action.

Proposed Compliance Order

With respect to items 3 and 5 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Oasis Midstream Partners. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

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. All material you submit in response to this enforcement action may be 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, or request a hearing under 49 CFR § 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 a Final Order. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 3-2019-5020** 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

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Oasis Midstream Partners (Oasis) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Oasis with the pipeline safety regulations:

1. In regard to Item Number 3 of the Notice pertaining to establishing and conducting a continuing training program, Oasis must establish a program and train its personnel that includes the following elements: 1) Address the receiving, identifying, and classifying notices of events which need immediate response by the operator. 2) Address the potential causes, types, sizes and consequences of fire and the appropriate use of portable fire extinguishers. Oasis must provide PHMSA with the revised program and documentation of training provide to its staff.

2. In regard to Item Number 5 of the Notice pertaining to establishing a controller training program that provides its controllers a working knowledge of the pipeline system especially during abnormal operating conditions. Oasis must amend its program to include a list of safety related data points and include this information in its controller training program. Oasis must must provided this revised program and documentation of training provided to its controllers.

3. Oasis must provide the documents listed above withing 90 days after receipt of a Final Order.

4. It is requested (not mandated) that Oasis maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Allan C. Beshore, Director, Central Region, OPS, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.