

May 13, 2020

VIA ELECTRONIC MAIL TO: james.johnston@crestwoodlp.com

Mr. James D. Johnston
Senior Vice President and General Counsel
811 Main Street, Suite 3400
Houston, Texas 77002

CPF No. 3-2019-6006

Dear Mr. Johnston:

Enclosed please find the fully-executed Consent Agreement and Order issued in the above-referenced case, which was executed on May 13, 2020. Service of the Consent Agreement and Order by electronic mail is deemed effective upon the date of transmission as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Allan Beshore, Director, Central Region, Office of Pipeline Safety, PHMSA
Mr. Trey Overdyke, Counsel, Holland & Hart, LLP, jcoverdyke@hollandhart.com
Mr. Robert D. Ayers, Jr., Counsel, Holland & Hart, LLP, rdayers@hollandhart.com

CONFIRMATION OF RECEIPT REQUESTED

**US 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)	
)	
Crestwood Equity Partners, LP,)	CPF No. 3-2019-6006
)	
Respondent.)	
)	

CONSENT AGREEMENT AND ORDER

WHEREAS, On November 22, 2019, the Director, Central Region, Office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, U.S. Department of Transportation (Director), issued to Crestwood Equity Partners, LP (Crestwood or Respondent), a Notice of Probable Violation and Proposed Civil Penalty (Notice), pursuant to Chapter 601 of 49 U.S. Code, for violations of 49 C.F.R. §§ 195.428(a) (Item 1) and 195.452(l)(ii) (Item 2). The Notice proposed assessing an administrative civil penalty of \$236,100 for Item 1. The Notice also proposed ordering Respondent to take certain measures to correct Item 2; and

WHEREAS, on December 31, 2019, Crestwood submitted a written response to the Notice, in which the company contested only Item 1 and the associated proposed civil penalty, and requested an informal hearing. Crestwood also requested to meet with Central Region to discuss settlement. Central Region and Crestwood (collectively, Parties) held a meeting telephonically on February 24, 2020, to discuss resolution of this enforcement proceeding; and

WHEREAS, as result of these good-faith discussions, the Parties have reached agreement on the terms and conditions of a settlement, as set forth herein, and agree that this Consent Agreement and Order (Agreement) will avoid further administrative proceedings or litigation, that it is the most appropriate means of resolving this proceeding, and that it will promote the public interest by improving the safety performance of Crestwood’s pipeline system and advancing the enforcement and safety goals of PHMSA.

NOW, THEREFORE, upon consent and agreement of the Parties, it is Ordered and Adjudged as follows:

I. General Provisions.

1. For purposes of this Agreement, Crestwood acknowledges that the company and its pipeline system, known generally as the COLT Connector and located near Williston, North Dakota, are subject to the jurisdiction of the Federal pipeline safety laws, 49 U.S.C. 60101, *et seq.*,

and the regulations and administrative orders issued thereunder. Crestwood further acknowledges that it received proper notice of PHMSA's action in this proceeding and that the Notice states claims upon which relief may be granted pursuant to 49 U.S.C. § 60101, *et seq.*, and the regulations and orders issued thereunder.

2. Crestwood agrees to the terms of this Agreement and hereby waives any further procedural requirements with respect to its issuance. Crestwood further waives all rights to contest the validity of this Agreement, including all rights to administrative or judicial hearings or appeals.

3. Crestwood acknowledges that each allegation of violation cited in the Notice may be considered by PHMSA as a prior offense in any future enforcement action brought against Respondent by PHMSA, pursuant to the appropriate statute of limitations. This Consent Agreement and Order, however, does not constitute a finding of violation of any Federal law or regulation and may not be used in any civil proceeding of any kind as evidence or proof of any fact, fault or liability, or as evidence of the violation of any law, rule, regulation or requirement, except in a proceeding to enforce the provisions of this Consent Agreement and Order.

II. Civil Penalty.

4. The Parties mutually agree, and Crestwood agrees to pay, a civil penalty assessed in connection with Item 1 of the Notice of Two Hundred Thousand Dollars (\$200,000.00).

5. Crestwood will pay the civil penalty amount in Paragraph 4 within 20 calendar days of the Effective Date of this Agreement. 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 (AMZ-341), Federal Aviation Administration, Mike Monroney Aeronautical Center, P.O. Box 269039, Oklahoma City, Oklahoma 73125. The Financial Operations Division telephone number is (405) 954-8893.

6. Failure to pay the \$200,000 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.

III. Compliance Measures.

7. Within 60 days following the Effective Date of this Agreement, Respondent agrees to perform the corrective actions set forth in the Proposed Compliance included with the Notice, namely, with regard to Item 2 pertaining to the lack of records for the risk analysis, periodic evaluation, and the preventive and mitigative measures identified and implemented at the Epping

breakout tank and pump station facilities. Crestwood will conduct these activities and submit the required documentation to the Director.

8. It is requested (not mandated) that Crestwood maintain documentation of the safety improvement costs associated with fulfilling this Agreement and submit the total to the Director. PHMSA requests that these costs be reported in two categories: (1) total cost associated with the preparation/revision of plans, procedures, studies and analyses; and (2) total cost associated with replacements, additions and other changes to pipeline infrastructure.

9. The Director may grant an extension of time to comply with any portion of Paragraph 8 above upon a written request timely submitted by the Respondent and demonstrating good cause for an extension. Upon completion of all actions required under Paragraph 8, Crestwood may request that the Director close the case.

IV. Miscellaneous.

10. This Agreement constitutes the final, complete, and exclusive agreement and understanding between the Parties with respect to this proceeding and the issues embodied in this Agreement. The Parties acknowledge that there are no representations, agreements, or understandings relating to the amount or collection of any civil penalties other than those expressly contained in this Agreement.

11. Nothing in this Agreement affects or relieves Crestwood of its responsibility to comply with all applicable requirements of the Federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations and orders issued thereunder. Nothing in this Agreement alters PHMSA's right of access, entry, inspection, and information gathering, or its authority to bring any enforcement action against Crestwood pursuant to the Federal pipeline safety laws, the regulations and orders issued thereunder, or any other provision of Federal or state law.

12. This Agreement does not waive or modify any Federal, state, or local laws or regulations applicable to Crestwood's pipeline system. This Agreement is not a permit or a modification of a permit under any Federal, state, or local laws or regulations. Crestwood remains responsible for achieving and maintaining compliance with all applicable Federal, state, and local laws, regulations and permits.

13. This Agreement does not create rights in, or grant any cause of action to, any person not a party to this Agreement. PHMSA is not liable for any injuries or damages to persons or property arising from acts or omissions of Crestwood or its officers, employees, or agents carrying out the work required by this Agreement. PHMSA, its officers, employees, agents, and representatives are not liable for any cause of action arising from any acts or omissions of Crestwood or its contractors in carrying out any work required by this Agreement.

14. This Agreement shall apply to and be binding on PHMSA and Crestwood, its officers, directors, employees, successors and assigns, including, but not limited to, subsequent purchasers.

15. Respondent's obligations pursuant to this Agreement may be enforced by PHMSA pursuant to its general enforcement authorities under 49 U.S.C. § 60101, *et seq.*, and 49 C.F.R. Part 190.

V. Effective Date.

16. The "Effective Date" is the date on which this Agreement has been signed by both Crestwood and PHMSA.

VI. Ratification.

17. The Parties' undersigned representatives certify that they are fully authorized to enter into the terms and conditions of this Agreement and to execute and legally bind such party to this document.

For Crestwood Equity Partners, LP (Respondent):

James Johnston

Senior Vice President, General Counsel

May 13, 2020

Date

For PHMSA:

Alan K. Mayberry
Associate Administrator for Pipeline Safety

May 13, 2020

Date