

**NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 22, 2019

Mr. Robert G. Phillips
President and Chief Executive Officer
Crestwood Equity Partners, LP
811 Main Street Suit 3400
Houston, Texas 77002

CPF 3-2019-6006

Dear Mr. Phillips:

From March 19-23, and September 10-14, 2018, a representative 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 10" Colt Connector Pipeline's procedures, records and field assests near 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. §195.428 Overpressure safety devices and overflow protection systems.

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

Crestwood Equity Partners, LP (Crestwood) violated 49 C.F.R. § 195.428(a) by failing to inspect and test each relief valve, at intervals not exceeding 15 months, but at least once each calendar year, to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used. Specifically, Crestwood failed to inspect and test 16 thermal relief valves that had been installed in 2012 (as listed on the company’s chart shown below), from 2015 to 2017, for a total of 48 missed inspections. Additionally, Crestwood failed to conduct two inspections on two other thermal relief valves that had been installed in 2017. Crestwood provided the following list of relief valves that were not inspected prior to April 26, 2018:

COLT HUB Facility Thermal Relief Valves					
Location / Equipment	Mfr.	SN#	Model	In-Service Year	Tested Prior 4/26/2018
DAPL Lateral / Launcher	Mercer	1272637	91-11C51T11L1	2017	NO
DAPL Lateral / Receiver	Mercer	1272638	91-11C51T11L1	2017	NO
CH / P110 Discharge	Hydroseal	669544-1	14BE2M0P00/F3	2012	NO
CH / P110 Discharge	Hydroseal	669544-2	14BE2M0P00/F3	2012	NO
CH / Meter Skid Inlet	AGCO	T11-25811	81PS1N88-8	2012	NO
CH / Meter Skid FE-140	AGCO	T11-29937	81PS1N88-8	2012	NO
CH / Meter Skid FE-150	AGCO	T11-16662	81PS1N88-8	2012	NO
CH / Meter Skid Outlet	AGCO	T11-29940	81PS1N88-8	2012	NO
CH / Launcher-Receiver	Mercer	792780	91-11C51T11L1	2012	NO
CH / Tank 201-3 Fill	Taylor	017577-13	82E4451311	2012	NO
DF / Launcher-Receiver	Mercer	792774	91-11C51T11L1	2012	NO
DF / Meter Skid Inlet	AGCO	T11-21145	81PS1N88-8	2012	NO
DF / Meter Skid FE-200	AGCO	T11-21146	81PS1N88-8	2012	NO
DF / Meter Skid FE-210	AGCO	T11-16664	81PS1N88-8	2012	NO
DF / Meter By Pass	Mercer	792777	91-11C51T11L1	2012	NO

DF / Meter Skid Outlet	AGCO	T11-25810	81PS1N88-8	2012	NO
DF / Enbridge	Mercer	952908	91-11C51T11L1	2012	NO
DF / Tesoro	Mercer	792785	91-11C51T07L1	2012	NO

Crestwood personnel acknowledged that all 18 thermal relief valves had not been inspected and tested prior to April 26, 2018. Accordingly, Crestwood violated § 195.428(a) by failing to inspect and test, at intervals not exceeding 15 months but at least once each calendar year, a total of 50 relief valves from 2015 to 2017.

2. §195.452 Pipeline integrity management in high consequence areas.

(a)

(i) *What records must an operator keep to demonstrate compliance? (1) An operator must maintain, for the useful life of the pipeline, records that demonstrate compliance with the requirements of this subpart. At a minimum, an operator must maintain the following records for review during an inspection:*

(ii) *Documents to support the decisions and analyses, including any modifications, justifications, deviations and determinations made, variances, and actions taken, to implement and evaluate each element of the integrity management program listed in paragraph (f) of this section.*

Crestwood violated 49 C.F.R. § 195.452(l)(ii) by failing to maintain, for the useful life of the pipeline, records regarding pipeline integrity management in high consequence areas that demonstrate compliance with the requirements of Subpart F – Operations and Maintenance. Specifically, Crestwood did not have records to demonstrate compliance with:

- §195.452(f)(3) – “An analysis that integrates all available information about the integrity of the entire pipeline and the consequences of a failure (see paragraph (g) of this section).”

Crestwood failed to have records demonstrating that it performed a risk analysis that integrates all available information about the integrity of the Epping breakout tank and pump station facilities.

- §195.452(f)(5) – “A continual process of assessment and evaluation to maintain a pipeline's integrity (see paragraph (j) of this section).”

Crestwood failed to have records demonstrating that it had a continual process of assessment and evaluation of the Epping breakout tank and pump station facilities to maintain the pipeline’s integrity.

- §195.452(f)(6) – “Identification of preventive and mitigative measures to protect the high consequence area (see paragraph (i) of this section).”

Crestwood failed to have records demonstrating that it identified preventive and mitigative measures to protect the Epping breakout tank and pump station facilities.

Accordingly, Crestwood violated §195.452(l)(ii) by failing to maintain records associated with the implementation of its integrity management program, demonstrating compliance with the requirements of Subpart F - Operations and Maintenance.

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 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. The Compliance Officer has reviewed the circumstances and supporting documentation involved for the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$236,100 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$236,100

Proposed Compliance Order

With respect to item(s) 2 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Crestwood Equity Partners LP. 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 3-2019-6006** 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 Enforcement Proceedings

PROPOSED COMPLIANCE ORDER

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

1. In regard to Item Number 2 of the Notice 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 must conduct these activities and submit the required documentation to the Director Central Region.
3. Crestwood shall submit the required documentation within 60 days of the date of the Final Order.
4. It is requested (not mandated) that Crestwood maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Allan C. Beshore, Director, Central Region, 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.