



U.S. Department  
of Transportation  
**Pipeline and Hazardous  
Materials Safety  
Administration**

1200 New Jersey Avenue, SE  
Washington, DC 20590

**VIA EMAIL TO: [tandrews@paradigmmidstream.com](mailto:tandrews@paradigmmidstream.com) and [dluedtke@paradigmmidstream.com](mailto:dluedtke@paradigmmidstream.com)**

Mr. Troy Andrews  
Chief Executive Officer  
Paradigm Energy Partners, LLC  
545 East John Carpenter Freeway  
Suite 800  
Irving, Texas 75062

**Re: CPF No. 3-2019-6008**

Dear Mr. Andrews:

Enclosed please find the Final Order issued in the above-referenced case to your subsidiary, Paradigm Midstream, LLC. It makes findings of violation and assesses a civil penalty of \$59,000. When the civil penalty has been paid, this enforcement action will be closed. Service of the Final Order by e-mail is effective upon the date of mailing 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

Enclosures (Final Order and NOPV)

cc: Mr. Allan Beshore, Director, Central Region, Office of Pipeline Safety, PHMSA  
Mr. Don Luedtke, HSSE & Regulatory Compliance Director, Paradigm Midstream, LLC

**VIA EMAIL – CONFIRMATION OF RECEIPT REQUESTED**

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

In the Matter of	)	
Paradigm Midstream, LLC,	)	
a subsidiary of Paradigm Energy Partners, LLC,	)	CPF No. 3-2019-6008
Respondent.	)	
	)	

**FINAL ORDER**

On November 26, 2019, pursuant to 49 C.F.R. § 190.207, the Director, Central Region, Office of Pipeline Safety (OPS), issued a Notice of Probable Violation (Notice) to Paradigm Energy Partners, LLC. The Notice proposed finding that Paradigm Energy Partner’s subsidiary, Paradigm Midstream, LLC, (Respondent) had violated the pipeline safety regulations in 49 C.F.R. Parts 194 and 195, and proposed a civil penalty of \$59,000. Respondent did not contest the allegations of violation or the proposed civil penalty.

Based upon a review of all of the evidence, pursuant to § 190.213, I find Respondent violated the pipeline safety regulations listed below, as more fully described in the enclosed Notice, which is incorporated by reference:

49 C.F.R. § 194.7(b) **(Item 1)** — Respondent failed to operate its onshore pipeline facilities in accordance with the applicable response plan. Specifically, Respondent failed to conduct the required National Preparedness for Response Exercise Program (PREP) drills and equivalent to PREP, in accordance with its Spill Response Plan, in 2015 and 2016.

49 C.F.R. § 195.402(c)(12) **(Item 2)** — Respondent failed to have written procedures for establishing and maintaining liaison with fire, police, and other appropriate public officials.

49 C.F.R. § 195.403(b)(1) **(Item 3)** — Respondent failed to review with personnel their performance in meeting the objectives of the emergency response training program at intervals not exceeding 15 months, but at least once each calendar year.

These findings of violation will be considered prior offenses in any subsequent enforcement

action taken against Respondent. In accordance with 49 C.F.R. § 190.223, Respondent is assessed a civil penalty amount of **\$59,000**.

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, Mike Monroney Aeronautical Center, 6500 S MacArthur Blvd, Oklahoma City, Oklahoma 79169. The Financial Operations Division telephone number is (405) 954-8845.

Failure to pay the \$ 59,000 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.

The terms and conditions of this order are effective upon service in accordance with 49 C.F.R. § 190.5.

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Alan K. Mayberry  
Associate Administrator  
for Pipeline Safety

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Date Issued



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  
and  
PROPOSED CIVIL PENALTY**

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

November 26, 2019

Mr. Troy Andrews  
Chief Executive Officer  
Paradigm Energy Partners, LLC  
545 East John Carpenter Freeway, Suite 800  
Irving, Texas 75062

**CPF 3-2019-6008**

Dear Mr. Andrews:

On January 24-25, 2017 and April 18, 2017, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code inspected your subsidiary's (Paradigm Midstream Services – ND, LLC or Paradigm) records and crude oil field assets in Keene, North Dakota.

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. The items inspected and the probable violations are:

1. **§194.7 Operating restrictions and interim operating authorization.**

(a) . . . . .

(b) **An operator must operate its onshore pipeline facilities in accordance with the applicable response plan.**

**§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.**

Paradigm failed to conduct the required PREP drills and equivalent to PREP in 2015 and 2016. Paradigm's Spill Response Plan: Charlson Extension Gathering System Pipeline dated April 2015 states on pages 42 and 43, "Training will occur at least annually, and for all newly hired personnel. Training and exercise log forms are included as Appendix J and training/exercise records will be maintained at Paradigm's Keene CDP Facility Office." Also, drills were not conducted as required in its response plan in Section 7.1.2 on page 44 which is shown below.

*7.1.2 Drill Type and Frequency*

- *Quarterly desktop QI notification drills, at least one of which is to be conducted during non-business hours;*
- *Quarterly desktop emergency response drills by assigned operating and maintenance personnel;*
- *Annual in-field-drills including the deployment of spill response equipment and,*

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.**

(b) . . . . .

**(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:**

**(1) . . . . .**

**(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 pipeline emergency and acquaint the officials with the operator's ability in responding to a hazardous liquid or carbon dioxide pipeline emergency and means of communication.**

Paradigm failed to have written procedures for establishing and maintaining liaison with fire, police, and other appropriate public officials as required in 49 C.F.R §195.402(c)(12). Paradigm began operations of the pipeline commenced on May 1, 2015, however PHMSA's inspection found that the procedures for liaison with public officials were still under development as of 2017. Paradigm stated that it was not aware that its facilities were jurisdictional to PHMSA until 2016, in addition to its manual of written procedures did not include this requirement.

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

**(a) . . . . .**

**(b) At the intervals not exceeding 15 months, but at least once each calendar year, each operator shall:**

**(1) Review with personnel their performance in meeting the objectives of the emergency response training program set forth in paragraph (a) of this section; and**

Paradigm failed to review with personnel their performance in meeting the objectives of the emergency response training program at intervals not exceeding 15 months, but at least once each calendar year. Specifically, Paradigm indicated that it did not conduct the reviews nor was able to provide evidence demonstrating that the reviews required for emergency response training occurred at the required intervals during calendar years 2015 and 2016.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. 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 in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$59,000 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$20,700
2	\$19,000
3	\$19,300

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). 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.

In your correspondence on this matter, please refer to **CPF 3-2019-6008** 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: *Response Options for Pipeline Operators in Compliance Proceedings*

Copy:

Mr. Tommy Janik,  
Chief Operating Officer  
Paradigm Midstream Services – ND, LLC.  
545 East John Carpenter Freeway, Suite 800,  
Irving, TX 75062