

WARNING LETTER

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 3-2019-6009W

Dear Mr. Andrews:

On January 24-26, 2017, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected your subsidiary, Paradigm Midstream Services – ND, LLC's (Paradigm), procedures and records for operations, maintenance, control room, operator qualification and public awareness 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 (CFR). The items inspected and the probable violations are:

1. **§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.

Paradigm was unable to provide records indicating that its emergency plan and the operations and maintenance (O&M) manual were reviewed each calendar year at intervals not to exceed 15 months. As evidenced in an email indicating no records were found, Paradigm stated, the "[e]ntire O&M Manual was not reviewed in 2016. It was still under development because it was believed that our pipelines did not fall under DOT but we still wanted to operate our pipelines as if they were to set the highest standards available. Once we became aware, we began implementing the documentation. Our O&M manual is under the review process as of 2/2017."

2. **§195.440 Public awareness**

(a) . . .

(c) The operator must follow the general program recommendations, including baseline and supplemental requirements of API RP 1162, unless the operator provides justification in its program or procedural manual as to why compliance with all or certain provisions of the recommended practice is not practicable and not necessary for safety.

API RP 1162

8.3 MEASURING PROGRAM IMPLEMENTATION

The operator should complete an annual audit or review of whether the program has been developed and implemented according to the guidelines in this RP. The purpose of the audit is to answer the following two questions:

- **Has the Public Awareness Program been developed and written to address the objectives, elements and baseline schedule as described Section 2 and the remainder of this RP?**
- **Has the Public Awareness Program been implemented and documented according to the written program?**

Appendix E includes a sample set of questions that will aid an operator in auditing the program implementation process. The operator should use one of the following three alternative methodologies when completing an annual audit of program implementation.

- **Internal self-assessments using, for example, an internal**
- **working group, or**
- **Third-party audits where the evaluation is undertaken by a third-party engaged to conduct an assessment and provide recommendations for improving the program design or implementation, or**
- **Regulatory inspections, undertaken by inspectors working for federal or state regulators who inspect operator pipeline programs subject to pipeline safety regulations.**

Paradigm did not complete an annual audit or review of its public awareness program for 2016. Since the public awareness program was not developed until 2017 due to the operator's belief that the pipeline was not jurisdictional, there were no records of annual reviews of the public awareness program at the time of the inspection. Paradigm submitted a December 2017 annual review on July 26, 2018.

3. §195.440 Public awareness

(a) . . .

(d) The operator's program must specifically include provisions to educate the public, appropriate government organizations, and persons engaged in excavation related activities on:

(1) . . .

(2) Possible hazards associated with unintended releases from a hazardous liquid or carbon dioxide pipeline facility;

(3) Physical indications that such a release may have occurred;

(4) Steps that should be taken for public safety in the event of a hazardous liquid or carbon dioxide pipeline release; and

(5) Procedures to report such an event.

(e) The program must include activities to advise affected municipalities, school districts, businesses, and residents of pipeline facility locations.

(f) The program and the media used must be as comprehensive as necessary to reach all areas in which the operator transports hazardous liquid or carbon dioxide.

Paradigm's written public awareness program did not include provisions to educate the public and activities to advise affected residents of pipeline facility locations. Additionally, Paradigm's program and the media it used was not comprehensive, as needed, to reach all areas in which the operator transports hazardous liquid. OPS inspector's review of Paradigm's public awareness program found that it was developed and implemented in January 2017, approximately 18 months after Paradigm's pipeline facility went into operation.

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. 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 correct the item(s) identified in this letter. Failure to do so will result in Paradigm being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 3-2019-6009W**. 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).

Sincerely,

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

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