

WARNING LETTER

VIA ELECTRONIC MAIL TO: Bill.Moler@tallgrassenergylp.com and
Jennifer.Eckels@tallgrassenergylp.com

October 14, 2020

William R. Moler
Chief Executive Officer
Tallgrass Pony Express Pipeline, LLC
370 Van Gordon Street
Lakewood, CO 80228
Bill.Moler@tallgrassenergylp.com

CPF 3-2020-5023W

Dear Mr. Moler:

On May 13-17, August 5-9, and August 26-30, 2019, 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 procedures, records, and crude oil pipeline system in Lakewood, CO and the pipeline Right-Of-Way (ROW) from Lincoln County, KS to Cushing, OK.

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. §195.307 Pressure testing aboveground breakout tanks.

(a) ...

(c) For aboveground breakout tanks built to API Std 650 (incorporated by reference, see §195.3) and first placed in service after October 2, 2000, testing must be in accordance with sections 7.3.5 and 7.3.6 of API Standard 650 (incorporated by reference, see §195.3).

Tallgrass failed to pressure test its aboveground tank in accordance to API Std 650 (incorporated by reference).

The Ponca City tank 40055 was built to API Std 650 Annex A, F, and E 12th Edition and hydrotested on July 28, 2014. Although the hydrotest record does document the water levels and who performed the test, it fails to identify other requirements as required in API Std 650 11th Edition.

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.

§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;

Tallgrass failed to follow Emergency Response Plan (ERP) procedures and document the review with personnel of their performance in meeting the objectives of the ERP for 2017 and 2018.

The operator provided the Annual Equipment Deployment Drill Agenda for 2017 and 2018 that indicate a review of the ERP as supporting documentation of its annual review. Although the agendas show a timeslot for this review along with the drill, these reviews should have been documented in the Emergency Response Plan Annual review form per Section 6.3 PXP Training Program of the ERP.

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. 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 Tallgrass 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 3-2020-5023W**. 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,

Gregory A. Ochs
Acting Director, Central Region, OPS
Pipeline and Hazardous Materials Safety Administration

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