

WARNING LETTER

VIA ELECTRONIC MAIL TO: Michael Dilger (mdilger@pembina.com) and Bob Bachmier (bob.bachmier@auxsable.com)

December 16, 2020

Michael Dilger
President and CEO
Pembina
Aux Sable Liquid Products, Inc.
6155 East US Route 6
Morris, Illinois 60450

CPF 3-2020-6005W

Dear Mr. Dilger:

On March 25 to March 29 and July 15 to July 19, 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 pipeline facilities in Morris, Illinois.

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 item(s) inspected and the probable violation(s) are:

1. §195.404 Maps and records.

(b) Each operator shall maintain for at least 3 years daily operating records that indicate—

(2) Any emergency or abnormal operation to which the procedures under §195.402 apply.

For an abnormal operation that occurred on March 21, 2019, Aux Sable Liquid Products, Inc. (Aux Sable) failed to maintain an adequate record. The record did not include items required by §195.402(d) for abnormal operations; including necessary information for periodically reviewing the response of operator personnel to determine the effectiveness of the procedures controlling abnormal operation and taking corrective action where deficiencies are found, as required by §195.402(d)(5).

2. §195.446 Control Room Management

(j) *Compliance and Deviations.* An operator must maintain for review during inspections:

(1) Records that demonstrate compliance with the requirement of this section;...

Aux Sable failed to maintain records to demonstrate compliance with 195.446(e)(4) Alarm Management review. Aux Sable's specification WSP 170 Revision 1.2 dated 2019-07-10 states in Section 6.7 that written reports are required for the annual audits of the managerial and work practices associated with the alarm system and to determine if those practices are adequate. No written reports were provided upon request during the inspection. Aux Sable was able to provide an agenda and sign-in sheet for most of the meetings between 2015 and 2019, but was unable to provide any written reports as required by their procedure and §195.446(j)(1) to demonstrate compliance.

3. §195.452 Pipeline integrity management in high consequence areas.

(l) *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.

Aux Sable did not maintain records demonstrating compliance with the requirements of §195.452, including documents supporting decisions and analyses for the implementation of the integrity management program. Aux Sable conducted meetings to compare inline inspection (ILI) data and to integrate information from historical maintenance records. Aux Sable personnel described these meetings as the method they used to comply with the informational analysis requirements [§195.452(f)(3)] of the integrity management rule, but then provided no records to substantiate the topics discussed or the decisions that were made as a result of the meetings. Additionally, these meetings were not mandated within Aux Sable's integrity management plan.

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 Aux Sable Liquid Products, Inc. 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 3-2020-6005W**. 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
Director, Central Region, OPS
Pipeline and Hazardous Materials Safety Administration

cc: Bob Bachmier, Senior Advisor, (bob.bachmier@auxsable.com)