



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

901 Locust Street, Suite 480
Kansas City, MO 64106

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

VIA ELECTRONIC MAIL TO: Bill.moler@tallgrassenergylp.com and
jennifer.eckels@tallgrassenergylp.com

July 27, 2021

William Moler
President/CEO
Tallgrass Energy, LP
Trailblazer Pipeline Company
4200 W. 115th Street, Suite 350
Leawood, KS 6611

CPF 3-2021-1003

Dear Mr. Moler:

From March 7, 2017, through August 31, 2017, 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 Trailblazer natural gas pipeline system from Cheyenne, Wyoming to Beatrice, Nebraska.

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. **§ 192.481 Atmospheric corrosion control: Monitoring.**

(a)

(b) During inspections the operator must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.

Tallgrass Energy, LP (Tallgrass) failed to give particular attention, during inspections, to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water. Specifically, Tallgrass failed to inspect for atmospheric corrosion at pipe supports at 601 Compressor Station, Cheyenne Station/TB1 pig launchers, NNG Gage interconnect, and NGPL Gage interconnect. Tallgrass also failed to inspect for atmospheric corrosion under thermal insulation at 601 Compressor Station.

During the PHMSA field evaluation of the 601 Compressor Station and the Cheyenne Hub/TB-1, signs of atmospheric corrosion were present at the pipe supports on the pig launchers. The pig launchers had pipe supports that did not appear to have been removed or lowered to inspect for atmospheric corrosion. Records from 2014-2017 were reviewed and confirmed that inspecting under pipeline supports had not been documented.

During the PHMSA field evaluation of NNG Gage interconnect, and NGPL Gage interconnect, the pipeline displayed signs of atmospheric corrosion at the pipe supports. The supports did not appear to be removed or lowered to inspect for atmospheric corrosion on the pipeline. Records from 2014-2017 were reviewed and confirmed that inspecting under pipeline supports had not been documented for these locations.

During the PHMSA field evaluation of the 601 Compressor Station, Tallgrass personnel failed to inspect for atmospheric corrosion under pipe under thermal insulation. The OM_300-03 – Valve Inspection Report used to record atmospheric corrosion inspections did not indicate that insulation was removed for examination. Furthermore, after addressing the thermal insulation on the pipeline at Compressor Station 601, the field personnel verbally confirmed that insulation is not removed for atmospheric corrosion inspections.

Accordingly, there was no evidence to show Tallgrass gave particular attention, during inspections, to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.

2. **§ 192.605 Procedural manual for operations, maintenance, and emergencies.**
(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least one each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

Tallgrass failed to follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. Specifically, Tallgrass failed to follow its Operations and Maintenance (O&M) manual procedure O&M 301. O&M 301 references form OM300-01 Automatic Valve Service Report. However, records reviewed indicated that three different forms were used for 2015 and 2016. Form OM300-01 and the other two forms used do not contain the same information including orifice size.

Accordingly, Tallgrass failed to follow its manual of written procedures for conducting operations and maintenance activities and for emergency response.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019 and before January 11, 2021, the maximum penalty may not 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. We have reviewed the circumstances and supporting documentation involved for the above probable violation(s) and recommend that you be preliminarily assessed a civil penalty of \$36,600 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$36,600

Proposed Compliance Order

With respect to item 2 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Tallgrass Energy, 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 Enforcement 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 3-2021-1003** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Gregory A. Ochs
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 Tallgrass Energy, LP a Compliance Order incorporating the following remedial requirements to ensure the compliance of Tallgrass Energy, LP with the pipeline safety regulations:

- A. In regard to Item 2 of the Notice pertaining to Tallgrass Energy, LP failing to follow its Operations and Maintenance (O&M) manual procedure O&M 301, Tallgrass Energy, LP must re-inspect all line break or automatic shutoff valves, verify the correct pressure drop and maintenance activities per a PHMSA approved procedure utilizing PHMSA approved standardized forms. This work must be completed within **6 months** of receipt of the Final Order. All records and outcomes of this required activity must be provided to PHMSA within **1 month** after all have been completed.

- B. It is requested (not mandated) that Tallgrass Energy, LP maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Greg A. Ochs, 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.