

WARNING LETTER

VIA ELECTRONIC MAIL TO: dwerth@calibermidstream.com;
dray@calibermidstream.com; kjohnson@calibermidstream.com;
aporter@calibermidstream.com;

March 7, 2022

Mr. Daniel Werth,
President and Chief Executive Officer
Caliber Midstream Partners, LP
P.O. Box 268
Denver, Colorado 80201

CPF 3-2022-039-WL

Dear Mr. Werth:

From August 18 through 19, 2021, 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 Caliber Spring Creek LLC (CSC) pipeline and facilities in Watford City, North Dakota.

As a result of the inspection, it is alleged that you have committed probable violation(s) of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected, and the probable violations are:

- 1. § 195.264 Impoundment, protection against entry, normal/emergency venting or pressure/vacuum relief for aboveground breakout tanks.**
 - (a) . . .**
 - (b) After October 2, 2000, compliance with paragraph (a) of this section requires the following for the aboveground breakout tanks specified:**
 - (1) For tanks built to API Spec 12F, API Std 620, and others (such as API Std 650 (or its predecessor Standard 12C)), the installation of impoundment must be in accordance with the following sections of NFPA-30 (incorporated by reference, *see* § 195.3);**
 - (i) Impoundment around a breakout tank must be installed in accordance with section 22.11.2;**

Caliber Spring Creek LLC (CSC) failed to satisfy the requirements of Section 22.11.2 of NFPA-30 (2012 edition) regarding impoundment around breakout tanks as required by §195.264(b)(1). Section 22.11.2.1, NFPA-30 (2012 edition) requires that "[a] slope of not less than one percent away from the tank shall be provided for at least 50 feet (15 meters) or to the dike base, whichever is less".

After Caliber took operational control of the newly acquired Spring Creek pipeline system (November 2019), they had noted deficiencies to the impoundment of the eight 400-barrel breakout tank compound (breakout tanks built to API 12F standards). The main concern was that all tanks could drain as one in the event of a loss of containment in any single tank, therefore the existing capacity of the impoundment was insufficient. Another issue was that the existing configuration did not have one percent slope away from the tanks, for any distance. At the time of the August 2020 Field Inspection, the rework of the tank piping had brought the impoundment capacity into compliance with Section 22.11.2.2, NFPA-30 (2012 edition). However, the slope away from the tanks was still not as required. Caliber's Engineering Group had noted during the inspection that there was a plan to rework the sloping inside the impoundment. Therefore, CSC is in violation of § 195.264(b)(1)(i).

2. § 195.401 General requirements.

(a) No operator may operate or maintain its pipeline systems at a level of safety lower than that required by this subpart and the procedures it is required to establish under § 195.402(a) of this subpart.

CSC operated their pipeline at a level of safety lower than that required by Subpart F and the procedures it is required to establish under § 195.402(a) of that subpart as required by § 195.401(a). Specifically, Pressure Safety Valve PSV-005 was not correctly routed and therefore would not relieve line pressure downstream of the pump. Caliber's Engineering Group documented a Management of Change (MOC 1127-003) originated in April 2021 to correct the issue, but rework had not been completed as of August 2021. Therefore, CSC is in violation of § 195.401(a).

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not 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 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 items identified in this letter. Failure to do so will result in Caliber Spring Creek LLC 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 3-2022-039-WL**. 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: David Ray, Operations Manager, dray@calibermidstream.com
Katie Johnson, Project Manager, kjohnson@calibermidstream.com
Allison Porter, Director of Operations and Engineering, aporter@calibermidstream.com