

## WARNING LETTER

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 13, 2016

Mr. Ryan Coffey  
Executive Vice President,  
Energy Transfer Company  
800 E. Sonterra Blvd, #400  
San Antonio, TX 78258

**CPF 4-2016-5019W**

Dear Mr. Coffey:

On February 5, 2016, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your West Texas Natural Gas Liquids (NGL) Expansion construction project in Houston, TX.

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

**1. §195.64 National Registry of Pipeline and LNG Operators.**

**(c) Changes. Each operator must notify PHMSA electronically through the National Registry of Pipeline and LNG Operators at <http://opsweb.phmsa.dot.gov>, of certain events.**

**(1) An operator must notify PHMSA of any of the following events not later than 60 days before the event occurs:**

- (i) Construction or any planned rehabilitation, replacement, modification, upgrade, uprate, or update of a facility, other than a section of line pipe, that costs \$10 million or more. If 60 day notice is not feasible because of an emergency, an operator must notify PHMSA as soon as practicable;**
- (ii) Construction of 10 or more miles of a new hazardous liquid pipeline;**

Energy Transfer Company (ETC) failed to accurately notify PHMSA of the construction of 10 or more miles of a new hazardous liquid pipeline. On September 30, 2015, Energy Transfer Company submitted two (2) incorrect Operator Registry Notifications to PHMSA stating that the West Texas NGL expansion project encompassed 14 miles of 24-inch diameter and 54 miles of 24-inch diameter carbon steel Intrastate NGL pipelines in Ector, Winkler and Midland County.

After discussion with ETC's representatives and review of the expansion project detailed drawings by a PHMSA representative on February 5, 2016, it was determined that the West Texas NGL Expansion project involved replacing two (2) 12-inch segments of an existing interstate pipeline system (Lone-Star NGL) and not intrastate as reported on ETC's Registry Notification to PHMSA. However, after this issue was identified to Energy Transfer by PHMSA, two (2) new Operator Registry Notifications were submitted with the correct information on February 10, 2016.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 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 Energy Transfer Company 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 4-2016-5019W**. 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,

R. M. Seeley  
Director, Southwest Region  
Pipeline and Hazardous Materials Safety Administration