

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 9, 2018

Mr. Brent Backes, GVP
General Counsel and Vice President
DCP Black Lake (DCP)
370, 17th Street Suite 2500
Denver, CO 80202

CPF 4-2018-5004

Dear Mr. Backes:

On multiple dates between June 25 and August 25, 2016, 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 inspected your HVL Pipeline systems in Texas and Louisiana.

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

1. §195.561 When must I inspect pipe coating used for external corrosion control?

(a) You must inspect all external pipe coating required by §195.557 just prior to lowering the pipe into the ditch or submerging the pipe.

During the inspection, DCP failed to demonstrate that the pipeline coating had been inspected just prior to lowering the pipe into the ditch. The construction field report for the CrossTex Lateral, which was constructed on June 24, 2013, only indicated that a jeep was at the job site but the record did not indicate whether the pipe had been inspected just prior to lowering the pipe into the ditch.

Consequently, DCP Black Lake failed to follow DCP Corrosion control procedure 2160, dated 4/17/2013, which states in sections 3.1, 3.4 and 3.5 to inspect the pipeline coating visually and 100% electrically using a conductive contact with a holiday detector. Additionally, section 3.7 specifies that coating inspections and repairs should be documented on DCP form 13.

DCP failed to demonstrate that the pipeline coating had been inspected just prior to lowering the pipe into the ditch to ensure compliance with §195.561(a).

2. §195.579 What must I do to mitigate internal corrosion?

(c) *Removing pipe.* Whenever you remove pipe from a pipeline, you must inspect the internal surface of the pipe for evidence of corrosion. If you find internal corrosion requiring corrective action under §195.585, you must investigate circumferentially and longitudinally beyond the removed pipe (by visual examination, indirect method, or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the removed pipe.

DCP failed to inspect the internal surface of their pipeline system for evidence of corrosion when pipe was removed from the pipeline. According to DCP Corrosion and Compliance representatives hot tap coupons were removed from the pipeline, however, inspection reports were not available, since the internal surface of the pipe had not inspected for evidence of corrosion during these projects. DCP did not have the documentation to support that an internal inspection was performed when DCP made four (4) hot taps to connect the Hull lateral; the Ada lateral; the CrossTex lateral; and the Goldonna lateral which were all connected to meter stations. One Meter station receipt was installed in 2015. Three Meter Station receipts were installed in 2013 and 2014.

Consequently, DCP Black Lake failed follow DCP Corrosion control procedure 3010 which indicates in sections 3, 4 and 8 that when the pipe is cut including hot tap coupons, the internal surface will be inspected.

DCP failed to inspect the internal surface of their pipeline system for evidence of corrosion when pipe was removed from the pipeline to ensure compliance with §195.579(c).

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists, up to a maximum of \$2,090,022 for a related series of violations. 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. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$44,200 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$21,600
2	\$22,600

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance 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). 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.

In your correspondence on this matter, please refer to **CPF 4-2018-5004** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Frank Causey
Acting Director, SW Region
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Response Options for Pipeline Operators in Compliance Proceedings*