

August 8, 2019

Mr. John Grier  
Chief Executive Officer  
Crimson Midstream, LLC  
3760 Kilroy Airport Way, Suite 300  
Long Beach, California 90806

**Re: CPF No. 4-2018-5028**

Dear Mr. Grier:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and specifies actions that need to be taken by Crimson Gulf, LLC, a division of Crimson Midstream, LLC, to comply with the pipeline safety regulations. When the terms of the compliance order have been completed, as determined by the Director, Southwest Region, this enforcement action will be closed. Service of the Final Order by certified mail is effective upon the date of mailing, as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry  
Associate Administrator  
for Pipeline Safety

Enclosure

cc: Ms. Mary McDaniel, Director, Southwest Region, Office of Pipeline Safety, PHMSA  
Mr. David Blakeslee, Regulatory Compliance Manager, Crimson Midstream, LLC, 3760  
Kilroy Airport Way, Suite 300, Long Beach, California 90806

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
OFFICE OF PIPELINE SAFETY  
WASHINGTON, D.C. 20590**

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**In the Matter of** )

**Crimson Gulf, LLC,** )  
**a division of Crimson Midstream, LLC** )

**Respondent.** )  
\_\_\_\_\_ )

**CPF No. 4-2018-5028**

**FINAL ORDER**

From October 23, 2017 through May 25, 2018, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of Crimson Gulf, LLC (Crimson or Respondent), in Louisiana. Crimson Gulf, LLC, a division of Crimson Midstream, LLC, operates the Crimson Gulf pipeline, an 885-mile crude oil pipeline in southern Louisiana.<sup>1</sup>

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated November 5, 2018, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Crimson had committed two violations of 49 C.F.R. Part 195 and proposed ordering Respondent to take certain measures to correct the alleged violations.

Crimson Midstream, LLC, on behalf of Crimson, responded to the Notice by letter dated December 5, 2018 (Response). The company did not contest the allegations of violation but provided additional information regarding the alleged violations and the corrective actions it had taken. Crimson requested that, in light of the prompt response to issues raised during the inspection as well as the clarifications and documentation provided, the items be withdrawn or the Notice be converted to a Notice of Amendment. Respondent did not request a hearing and therefore has waived its right to one.

**FINDINGS OF VIOLATION**

The Notice alleged that Respondent violated 49 C.F.R. Part 195, as follows:

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<sup>1</sup> Pipeline Safety Violation Report (Violation Report), (Nov. 5, 2018) (on file with PHMSA), at 1.

**Item 1:** The Notice alleged that Respondent violated 49 C.F.R. § 195.452(f)(3), which states:

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

(a) ....

(f) *What are the elements of an integrity management program?*

(1) A process for identifying which pipeline segments could affect a high consequence area;

(3) An analysis that integrates all available information about the integrity of the entire pipeline and the consequences of a failure (see paragraph (g) of this section);

(6) Identification of preventive and mitigative measures to protect the high consequence area (see paragraph (i) of this section);

The Notice alleged that Respondent violated 49 C.F.R. § 195.452(f)(3) by failing to conduct an analysis that integrated all available information about the integrity of the entire pipeline and consequences of a failure. Specifically, the Notice alleged that Crimson failed to identify breakout tank (BOT) #2051 when it conducted its facilities risk analysis. After the inspection, Crimson submitted a revised Integrity Management Plan (IMP) to PHMSA that included BOT #2051; however, Crimson's revised IMP still failed to identify a process for preventative and mitigative measures to protect high consequence areas for BOT #2051.

Respondent did not contest this allegation of violation, but did request that the Notice be converted to a Notice of Amendment (NOA). OPS has broad discretion in selecting the most appropriate enforcement tool in each case. There are no statutory or regulatory requirements that OPS use a particular tool in particular circumstances.<sup>2</sup> In this case, I do not believe that the agency abused its discretion or violated any regulation in choosing to issue a Notice of Probable Violation, as opposed to an NOA or other enforcement tool.

In its Response, Crimson also requested that, given its prompt response to issues raised during the inspection, the violation be withdrawn. Crimson's remedial efforts after the inspection, however, do not absolve it from its duty to comply with regulatory obligations.

Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.452(f)(3) by failing to conduct an analysis that integrated all available information about the integrity of the entire pipeline and consequences of a failure.

**Item 2:** The Notice alleged that Respondent violated 49 C.F.R. § 195.573(d), which states:

**§ 195.573 What must I do to monitor external corrosion control?**

(a) ....

(d) *Breakout tanks.* You must inspect each cathodic protection system used to control corrosion on the bottom of an aboveground breakout tank to

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<sup>2</sup> Centerpoint Energy Gas Transmission Co., CPF No. 4-2007-1004, 2011 WL 1303341\*13 (Feb. 11, 2011).

ensure that operation and maintenance of the system are in accordance with API Recommended Practice 651 (incorporated by reference, *see* § 195.3). However, this inspection is not required if you note in the corrosion control procedures established under § 195. 402(c)(3) why complying with all or certain operation and maintenance provisions of API RP 651 is not necessary for the safety of the tank.

The Notice alleged that Respondent violated 49 C.F.R. § 195.573(d) by failing to inspect the cathodic protection system used to control corrosion on the bottom of the aboveground breakout tank (BOT #2051) to ensure that operation and maintenance of the system are in accordance with API RP 651. Specifically, the Notice alleged that Crimson did not have procedures for the monitoring of cathodic protection and corrosion on breakout tank bottoms because it erroneously concluded that it had no breakout tanks.<sup>3</sup> After the inspection, Crimson submitted revised O&M procedures on corrosion control, but failed to reference API RP 651 or include why complying with all or certain provisions of it is not necessary for the safety of the tank.

In its Response, Crimson alleged that BOT #2051 had been inspected pursuant to API RP 651, but acknowledged that the records were not available to PHMSA at the time of the inspection. Since that time, Crimson stated that it has updated its procedures to accurately reflect activities that were being performed pursuant to NACE RP 0169 and NACE RP 0285. Despite Crimson's assertion that it had properly inspected BOT #2051, it provided insufficient evidence to support this claim. In its Response, Crimson provided inspection records that did not include conversion of readings. Further, in its previous and revised procedures, Crimson did not include reference to API RP 651, or provide a justification for why it is not required. Instead, Crimson incorrectly cited to standards for underground storage tanks, despite the fact that its only breakout tank, BOT #2051, is an aboveground breakout tank.

Accordingly, after considering all of the evidence, I find that Respondent violated 49 C.F.R. § 195.573(d) by failing to inspect the cathodic protection system used to control corrosion on the bottom of the aboveground breakout tank to ensure that operation and maintenance of the system are in accordance with API RP 651.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

### **COMPLIANCE ORDER**

The Notice proposed a compliance order with respect to Items 1 and 2 in the Notice for violations of 49 C.F.R. §§ 195.452(f)(3) and 195.573(d), respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established

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<sup>3</sup> *See* Crimson's Operations & Maintenance (O&M) Corrosion Control Procedures (Jan. 16, 2018), Section 6: Cathodic Protection on Breakout Tanks, pg. 4 (noting that "[t]he Crimson Gulf System does not contain Break-out Tanks therefore this section does not apply but prior to putting Break-out Tanks into service this section will be developed").

under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 195.452(f)(3) (**Item 1**), Respondent must perform an evaluation of risk on BOT #2051 which considers the nature and characteristics of the product transported, release volume, overland transport including topography, drainage flow paths, and containment, and water transport which includes evaluating the effects of stream conditions, flow characteristics, and seasonal conditions.<sup>4</sup>
2. With respect to the violation of § 195.573(d) (**Item 2**), Respondent must ensure its process and procedures to inspect the cathodic protection system for the aboveground breakout tank, and the operations and maintenance of the system, are in accordance with API RP 651. In the alternative, Crimson must document and justify why compliance with all or certain operation and maintenance provisions of API RP 651 is not necessary. Further, Crimson must ensure all procedures relating to the external corrosion control of BOT #2051 reference correct, applicable NACE standards.
3. Items 1 and 2 of this Compliance Order must be completed within 60 days of receipt of the Final Order.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

It is requested (not mandated) that Respondent maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director. 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.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$200,000, as adjusted for inflation (49 C.F.R. § 190.223), for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

Under 49 C.F.R. § 190.243, Respondent may submit a Petition for Reconsideration of this Final Order to the Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2<sup>nd</sup> Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address, no later than 20 days after receipt of service of this Final Order by Respondent. Any petition submitted must contain a statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. The terms of the order, including corrective

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<sup>4</sup> Crimson is also encouraged, but not ordered, to reevaluate its UT inspection assessment interval to determine if a shorter assessment cycle should be implemented as a preventative and mitigative measure.

action, remain in effect unless the Associate Administrator, upon request, grants a stay. The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

August 8, 2019

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Alan K. Mayberry  
Associate Administrator  
for Pipeline Safety

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Date Issued