

June 27, 2017

Mr. H. Michael Krimbill
Chief Executive Officer
NGL Energy Partners, LP
6120 South Yale Avenue, Suite 805
Tulsa, Oklahoma 74136

Re: CPF No. 5-2017-6001

Dear Mr. Krimbill:

Enclosed please find the Final Order issued in the above-referenced case. It makes a finding of violation and specifies actions that need to be taken by NGL Energy Partners, LP to comply with the pipeline safety regulations. When the terms of the compliance order have been completed, as determined by the Director, Western 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: Director, Western Region, Office of Pipeline Safety, PHMSA
Mr. Todd Tanory, Senior Vice President Midstream Management, NGL Energy Partners,
LP, Brookhollow Central II, 2900 North Loop West, Suite 1250, Houston, TX 77092
Mr. Eric Coleman, Director of Terminal Operations, NGL Energy Partners, LP,
Brookhollow Central II, 2900 North Loop West, Suite 1250, Houston, TX 77092

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

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

In the Matter of)	
)	
NGL Energy Partners, LP,)	CPF No. 5-2017-6001
)	
Respondent.)	
)	

FINAL ORDER

On May 10 and 11, 2016, and August 8 and 9, 2016, 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 NGL Energy Partners, LP (NGL or Respondent), in the vicinity of Wheatland, Wyoming. NGL owns and operates crude-oil loading terminals and transfer facilities, and a pipeline system that transports crude oil, including an 8-inch diameter pipeline 3,300 feet in length that extends from a connection on the Sinclair Pipeline to the Dwyer Pump Station near Wheatland.¹

As a result of the inspection, the Director, Western Region, OPS (Director), issued to Respondent, by letter dated February 13, 2017, a Notice of Probable Violation and Proposed Compliance Order (Notice), which also included warnings pursuant to 49 C.F.R. § 190.205. In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that NGL had violated 49 C.F.R. §195.428 and proposed ordering Respondent to take certain measures to correct the alleged violations. The warning items required no further action, but warned the operator to correct the probable violations or face possible enforcement action.

Respondent responded to the Notice by letter dated March 10, 2017 (Response). The company did not contest the allegation of violation but provided information concerning the corrective actions it planned to take in response. Respondent did not request a hearing and therefore has waived its right to one.

FINDING OF VIOLATION

In its Response, Respondent did not contest the allegation in the Notice that it violated 49 C.F.R. Part 195, as follows:

¹ Pipeline Safety Violation Report (Violation Report), (Feb. 13, 2017) (on file with PHMSA), at 1.

Item 4: The Notice alleged that Respondent violated 49 C.F.R. § 195.428, which states in relevant part:

§ 195.428 Overpressure safety devices and overfill protection system.

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7 ½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used

(d) After October 2, 2000, the requirements of paragraphs (a) and (b) of this section for inspection and testing of pressure control equipment apply to the inspection and testing of overfill protection systems.

The Notice alleged that Respondent violated 49 C.F.R. § 195.428(a) and (d) by failing to inspect and test overfill protection systems at intervals not exceeding 15 months, but at least once each calendar year. Specifically, the Notice alleged that during the OPS inspection, NGL could not provide documentation of the required inspections and tests for the overfill protection systems of Tank 1001, nor could NGL personnel confirm that the overfill protection systems had been inspected and tested with the required frequency.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.428(a) and (d) by failing to inspect and test overfill protection systems at intervals not exceeding 15 months, but at least once each calendar year.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 4 in the Notice for violation of 49 C.F.R. § 195.428(a) and (d). 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 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 § 195.428(a) and (d) (**Item 4**), Respondent must:
 - a. Inspect and test or provide records demonstrating the inspection and testing of the overfill protection systems for Tank 1001, within 30 days of

- the issuance of the Final Order; and
- b. Review and modify, as necessary, its written procedures to ensure that (i) the overfill protection systems for Tank 1001 will be inspected and tested each calendar year, at intervals not exceeding 15 months in accordance with 49 C.F.R. 195.428(a) and (d) by documenting the required inspections and tests for the overfill protection systems; and (ii) each tank overfill protection system inspection and test is documented and that the documentation is retained for at least two years.
2. Respondent must submit records or other documentation to show that Item 1 above was completed to Director, Western Region, Pipeline and Hazardous Materials Safety Administration within 60 days after receipt of the Final Order.

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, Western 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.

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.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$200,000 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.

WARNING ITEMS

With respect to Items 1, 2, and 3, the Notice alleged probable violations of Part 195 but did not propose a civil penalty or compliance order for these items. Therefore, these are considered to be warning items. The warnings were for:

49 C.F.R. § 195.412(a) (**Item 1**) — Respondent's alleged failure to inspect the surface conditions on or adjacent to each pipeline right-of-way at intervals not exceeding 3 weeks, but at least 26 times each calendar year. During the inspection on May 10, 2016, NGL representatives presented records to the PHMSA inspector showing its pipeline right-of-way was only inspected 24 times in 2015 and 15 times in 2014. During a follow-up visit on August 8, 2016, NGL presented an Excel spreadsheet that noted patrols of the line by foot in order to account for some of the missing inspections. However, there were no date stamps or signatures on these new foot-patrolling records to indicate when they occurred.

49 C.F.R. § 195.440(i) **(Item 2)** — Respondent’s alleged failure to have its public awareness program documentation or evaluation results made available for periodic review by appropriate regulatory agencies. During the inspection, PHMSA requested documentation and evaluation results, but was told by NGL staff that these records were not available.

49 C.F.R. § 195.440(c) **(Item 3)** — Respondent’s alleged failure to follow the program requirements of American Petroleum Institute (API) Recommended Practice (RP) 1162 (incorporated by reference, *see* § 195.3) in its implementation of a public awareness program. Specifically, NGL’s written public awareness program allegedly did not include an effectiveness evaluation process as recommended by Section 8.3 Measuring Program Implementation of API RP 1162. Pursuant to Section 8.3 of API RP 1162, an operator should complete an annual audit or review to determine whether the program has been developed and implemented according to the guidelines in the RP.

If OPS finds a violation of any of these items in a subsequent inspection, Respondent may be subject to future enforcement action.

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, 2nd 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 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.

June 27, 2017

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Date Issued