



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Avenue, SE
Washington, DC 20590

February 5, 2021

VIA ELECTRONIC MAIL TO: mpetersen@sinclairoil.com

Mr. Mark Peterson
President
Sinclair Transportation Company
550 East South Temple
Salt Lake City, Utah 84102

CPF No. 3-2020-5020

Dear Mr. Peterson:

Enclosed please find a Consent Order incorporating the terms of the Consent Agreement between the Pipeline and Hazardous Materials Safety Administration (PHMSA) and Sinclair Transportation Company which was executed on January 4 and January 17, 2021, respectively. Service of the Consent Order and Consent Agreement by electronic mail is deemed effective upon the date of transmission, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

ALAN KRAMER
MAYBERRY

Digitally signed by ALAN
KRAMER MAYBERRY
Date: 2021.02.03
12:20:54 -05'00'

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure: Order and Consent Agreement

cc: Mr. Gregory Ochs, Director, Central Region, Office of Pipeline Safety, PHMSA
Mr. Jon S. Lindsey, Corporate Counsel, Sinclair Transportation Company,
jlindsey@sinclairoil.com

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

In the Matter of

Sinclair Transportation Company,

Respondent.

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CPF No. 3-2020-5020

CONSENT ORDER

By letter dated October 13, 2020, the Pipeline and Hazardous Materials Safety Administration, Office of Pipeline Safety, issued a Notice of Probable Violation, Proposed Civil Penalty and Proposed Compliance Order (Notice) to Sinclair Transportation Company (Sinclair).

In response to the Notice, Sinclair requested an informal consultation, whereupon the parties engaged in good-faith settlement discussions that have resulted in the Consent Agreement attached to this Order that settles all of the allegations in the Notice.

Accordingly, the Consent Agreement is hereby approved and incorporated by reference into this Order. FLNG is hereby ordered to comply with the terms of the Consent Agreement, effective immediately.

Pursuant to 49 U.S.C. 60101, *et seq.*, failure to comply with this Consent Order may result in the assessment of civil penalties as set forth in 49 C.F.R. § 190.223.

The terms and conditions of this Consent Order are effective upon service in accordance with 49 C.F.R. § 190.5.

ALAN KRAMER
MAYBERRY

Digitally signed by ALAN
KRAMER MAYBERRY
Date: 2021.02.04 14:53:55
-05'00'

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

February 5, 2021

Date Issued

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In the Matter of	)	
	)	
Sinclair Transportation Company,	)	No. 3-2020-5020
	)	
Respondent.	)	
	)	

From April 4, 2019, to September 24, 2019, pursuant to 49 U.S.C. § 60117, representatives 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 Sinclair Transportation Company's (Sinclair or Respondent) refined-products Midcon system in Kansas, Missouri, and Iowa.

Sinclair responded to the Notice by letter dated November 2, 2020 (Response). The company contested the allegations and requesting a hearing. On November 13, 2020, Sinclair and PHMSA (collectively, the Parties), participated in a scheduling conference with the presiding official. During the conference, the Parties agreed that the issues in the Notice could potentially be resolved through informal discussions. On December 2, 2020, and again on December 16, 2020, the Parties met to discuss a possible resolution of the case. During each meeting, both Parties offered additional information in response to the Notice, and an agreement was reached that resolves all of the issues in the Notice.

Having agreed that settlement of this proceeding will avoid further administrative proceedings or litigation and will serve the public interest by promoting safety and protection of the environment, pursuant to 49 C.F.R. Part 190, and upon consent and agreement of the Sinclair and PHMSA, the Parties hereby agree as follows:

I. General Provisions

1. Respondent acknowledges that as the operator of the Midcon system in Kansas, Missouri, and Iowa, Respondent and its Midcon system are subject to the jurisdiction of the Federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations and administrative orders issued thereunder. For purposes of this Agreement, Respondent acknowledges that it received proper notice of PHMSA's action in this proceeding and that the Notice states claims upon which relief may be granted pursuant to 49 U.S.C. 60101, *et seq.*, and the regulations and orders issued thereunder.

2. After Sinclair returns this signed Agreement to PHMSA, the Agency's representative will present it to the Associate Administrator for Pipeline Safety, recommending that the Associate Administrator adopt the terms of this Agreement by issuing an administrative order (Consent Order) incorporating the terms of this Agreement. The terms of this Agreement constitute an offer of settlement until accepted by the Associate Administrator. Once accepted, the Associate Administrator will issue a Consent Order incorporating the terms of this Agreement

3. Respondent consents to the issuance of the Consent Order, and hereby waives any further procedural requirements with respect to its issuance. Respondent waives all rights to contest the adequacy of notice, or the validity of the Consent Order or this Agreement, including all rights to administrative or judicial hearings or appeals, except as set forth herein.

4. This Agreement shall apply to and be binding upon PHMSA and Sinclair, its officers, directors, and employees, and its successors, assigns, or other entities or persons otherwise bound by law. Respondent agrees to provide a copy of this Agreement and any incorporated work plans and schedules to all of Sinclair's officers, employees, and agents whose duties might reasonably include compliance with this Agreement.

5. This Agreement constitutes the final, complete and exclusive agreement and understanding between the Parties with respect to the settlement embodied in this Agreement. The Parties acknowledge that there are no representations, agreements or understandings relating to settlement other than those expressly contained in this Agreement, except that the terms of this Agreement may be construed by reference to the Notice.

6. Nothing in this Agreement affects or relieves Respondent of its responsibility to comply with all applicable requirements of the Federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations and orders issued thereunder. Nothing in this Agreement alters PHMSA's right of access, entry, inspection, and information gathering or PHMSA's authority to bring enforcement actions against Sinclair pursuant to the Federal pipeline safety laws, the regulations and orders issued thereunder, or any other provision of Federal or State law.

7. For all transfers of ownership or operating responsibility of Sinclair's Midcon pipeline system, Sinclair will provide a copy of this Agreement to the prospective transferee at least 30 days prior to such transfer. Sinclair will provide written notice of the transfer to the PHMSA Central Regional Director no later than 60 days after the transfer occurs.

8. This Agreement does not waive or modify any Federal, State, or local laws or regulations that are applicable to Respondent's pipeline systems. This Agreement is not a permit, or a modification of any permit, under any Federal, State, or local laws or regulations. Sinclair remains responsible for achieving and maintaining compliance with all applicable Federal, State, and local laws, regulations and permits.

9. This Agreement does not create rights in, or grant any cause of action to, any third party not party to this Agreement. The U.S. Department of Transportation is not liable for any injuries or damages to persons or property arising from acts or omissions of Respondent or its officers, employees, or agents carrying out the work required by this Agreement. Sinclair agrees to hold harmless the U.S. Department of Transportation, its officers, employees, agents, and representatives from any and all causes of action arising from any acts or omissions of Respondent or its contractors in carrying out any work required by this Agreement.

10. Upon issuance of the Consent Order, the Parties agree to the following terms.

II. Item 1 of the Notice:

12. ***Allegation of Violation - § 195.260(e):*** With respect to Item 1 of the Notice, the Director, Central Region, has reviewed additional information provided by Sinclair and determined that this Item should be reduced to a warning item. Sinclair provided PHMSA with an Emergency Flow Restricting Device (EFRD) study that supported Sinclair's contention that the location of the valves are consistent with the requirements of the regulation. As such, the allegation of violation for Item 1 and the related compliance order associated with this Item are withdrawn.

III. Item 2 of the Notice:

13. ***Allegation of Violation - § 195.412(a):*** With respect to Item 2 of the Notice, the Parties agree that Sinclair violated 49 C.F.R. § 195.412(a), as alleged in the Notice, for four of the nine instances of violation alleged and shall be considered by PHMSA as a prior offense in any future PHMSA enforcement action taken against Sinclair. In addition, the Director, Central Region has reviewed additional documentation provided by Sinclair and has determined that Sinclair has completed the corrective action detailed in the Proposed Compliance Order of the Notice. Accordingly, the compliance order associated with this Item is withdrawn.

14. ***Civil Penalty:*** With respect to Item 2 of the Notice, the Parties agree that the Civil Penalty is reduced from \$97,100 to \$67,700. The reduction the civil penalty is supported by the reduction in instances of violation from nine to four. Sinclair must pay the civil penalty in the amount of **\$67,700** no later than 30 days from the ***Effective Date*** of this Agreement.

IV. Enforcement

15. This Agreement is subject to all enforcement authorities available to PHMSA under 49 U.S.C. § 60101, *et seq.*, and 49 C.F.R. Part 190, including administrative civil penalties under 49 U.S.C. § 60122, of up to \$200,000 per violation for each day the violation continues and referral of the case to the Attorney General for judicial enforcement, if PHMSA determines that Respondent is not complying with the terms of this Agreement in accordance with determinations

made by the Director, or if appealed, in accordance with decisions of the Associate Administrator. The maximum civil penalty amounts are adjusted annually for inflation. *See, e.g., Pipeline Safety: Inflation Adjustment of Maximum Civil Penalties*, 82 Fed. Reg. 19325 (April 27, 2017).

V. Effective Date

16. The term "Effective Date," as used herein, is the date on which the Consent Order is issued by the Associate Administrator, PHMSA, incorporating the terms of this Agreement.

VI. Modification

17. The terms of this Agreement may be modified by mutual agreement of the Parties. Such modifications must be in writing and signed by both parties.

VIII. Ratification

19. The Parties' undersigned representatives certify that they are fully authorized to enter into the terms and conditions of this Agreement and to execute and legally bind such party to this document.

20. The Parties hereby agree to all conditions and terms of this Agreement.

For Sinclair Transportation Company:


Secretary & General Counsel

Date

For PHMSA:

GREGORY OCHS Digitally signed by GREGORY OCHS
Date: 2021.01.04 19:04:08 -06'00'

Region Director

January 4, 2021

Date