

WARNING LETTER

VIA ELECTRONIC MAIL TO: BradC@savageservices.com and KevinBurke@savageservices.com

March 17, 2021

Mr. Brad Crist
Sector President, Savage Energy & Chemical
Savage Bakken Connector, Inc.
901 W Legacy Center Way
Midvale, UT 84047

CPF 3-2021-013-WL

Dear Mr. Crist:

On February 18, 2020 through November 6, 2020, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected your procedures for operations and maintenance, operator qualification, public awareness, damage prevention, facilities and storage, time dependent threats, and emergency response in Williston, North Dakota.

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

1. §195.208 Welding of supports and braces.

Supports or braces may not be welded directly to pipe that will be operated at a pressure of more than 100 p.s.i. (689 kPa) gage.

Savage failed to comply with 195.208 regarding supports or braces may not be welded directly to pipe that will be operated at a pressure of more than 100 p.s.i. (689 kPa) gage. PHMSA, during the field audit of the Dakota Access Pipeline Interconnect pump station, discovered pipe supports welded directly to piping. A total of two welded braces were found.

2. §195.403 Emergency response training.

(c) Each operator shall require and verify that its supervisors maintain a thorough knowledge of that portion of the emergency response procedures established under 195.402 for which they are responsible to ensure compliance.

Based on the inspection interview, Savage failed to produce records that require and verify that its supervisors maintain a thorough knowledge of that portion of the emergency response procedures established under 195.402 for which they are responsible to ensure compliance. Savage failed to provide records that the supervisor had the thorough knowledge required.

3. §195.404 Maps and records.

(a). . .

(c) Each operator shall maintain the following records for the periods specified:

(3) A record of each inspection and test required by this subpart shall be maintained for at least 2 years or until the next inspection or test is performed, whichever is longer.

§195.402 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

Based on the inspection interview, Savage failed to produce documents to support manual reviews at intervals not exceeding 15 months, but at least once each calendar

year, and log appropriate changes made as necessary to insure that the manual is effective. Savage was unable to produce any records showing annual manual reviews were completed since the in-service date of June 2018. A total of two records were missing as described in the table below:

Review Year	Record Status	Comments
In – service date 6-2-2017	NA	
2018	Missing	
2019	Missing	
2020	Not due yet.	

4. §195.404 Maps and records.
(a). . .

(c) Each operator shall maintain the following records for the periods specified:

(3) A record of each inspection and test required by this subpart shall be maintained for at least 2 years or until the next inspection or test is performed, whichever is longer.

§195.402 Procedural manual for operations, maintenance, and emergencies.

(a) . . .

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(13) Periodically reviewing the work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found.

Based on the inspection interview, Savage failed to produce documents to support the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found. Savage was unable to produce any records showing periodic review of work done by operator personnel to determine the effectiveness of the procedures since the in-service date of June 2017. A total of two records were missing as described in the table below:

Review Year	Record Status	Comments
In – service date 6-2-2017	NA	
2018	Missing	
2019	Missing	

5. §195.404 Maps and records.

(a). . .

(c) Each operator shall maintain the following records for the periods specified:

(3) A record of each inspection and test required by this subpart shall be maintained for at least 2 years or until the next inspection or test is performed, whichever is longer.

§195.403 Emergency response training.

(b) At the intervals not exceeding 15 months, but at least once each calendar year, each operator shall:

(2) Make appropriate changes to the emergency response training program as necessary to ensure that it is effective.

Based on the inspection interview, Savage failed to produce documents to support appropriate changes to the emergency response training program as necessary to ensure that it is effective at the intervals not exceeding 15 months, but at least once each calendar year. Savage failed to provide records for two annual training periods as described in the table below:

Review Year	Record Status	Comments
In – service date 6-2-2017	NA	
2018	Missing	
2019	Missing	

6. §195.404 Maps and records

(a). . .

(c) Each operator shall maintain the following records for the periods specified:

(3) A record of each inspection and test required by this subpart shall be maintained for at least 2 years or until the next inspection or test is performed, whichever is longer.

§195.432 Inspection of in-service breakout tanks.

(a) . . .

(b) Each operator must inspect the physical integrity of in-service atmospheric and low-pressure steel above-ground breakout tanks according to API Std 653 (except section 6.4.3, Alternative Internal Inspection Interval) (incorporated by reference, see §195.3). However, if structural conditions prevent access to the tank bottom, its integrity may be assessed according to a plan included in the operations and maintenance manual under §195.402(c)(3). The risk-based internal inspection procedures in API Std 653, section 6.4.3 cannot be used to determine the internal inspection interval.

Based on the inspection interview, Savage failed to produce documents to support the requirements of API Std, section 6.3.1 Routine In-Service Inspections. Savage provided “weekly BOT walkthrough” documents that indicate only leaks were looked for during the “weekly BOT walkthrough” documents. Savage failed to incorporate API 653, section 6.3.1 Routine In-Service Inspections, requiring shell distortions; signs of settlement; corrosion; and condition of the foundation, paint coatings, insulation systems, and appurtenances should be documented for follow-up action since the in-service date of June 2017 through December 2019:

Review Year	Record Status	Total
2017 (BOT 201,202,203,204,205)	Incomplete	60
2018 (BOT 201,202,203,204,205)	Incomplete	60
2019 (BOT 201,202,203,204,205)	Incomplete	60

7. §195.440 Public awareness

(a) ...

(i) The operator’s program documentation and evaluation results must be available for periodic review by appropriate regulatory agencies.

Based on the inspection interview, Savage failed to provide records that implemented a written continuing public education program that follows the guidance provided in the American Petroleum Institute’s (API) Recommended Practice (RP) 1162 (incorporated by reference, *see* §195.3).. Specifically, Savage failed to follow Section 8.3, of API RP 1162, by not documenting annual reviews for 2018 and 2019.

8. §195.440 Public awareness

(a) ...

(i) The operator’s program documentation and evaluation results must be available for periodic review by appropriate regulatory agencies.

Based on the inspection interview, Savage failed to provide a record that implemented general program recommendations, including baseline and supplemental requirements of API RP 1162, unless the operator provides justification in its program or procedural manual as to why compliance with all or certain provisions of the recommended practice is not practicable and not necessary for safety.

Savage participated in NDPA and PAPA. PHMSA requested records for the Affected Public stakeholders. PHMSA inspectors were informed, by Savage, that there are six affected public landowners. Savage never provided records regarding the six affected public landowners.

9. §195.440 Public awareness

(a) ...

(i) The operator's program documentation and evaluation results must be available for periodic review by appropriate regulatory agencies.

Based on the inspection interview, Savage failed to produce records that advised affected municipalities, school districts, businesses, and residents of pipeline facility locations.

Savage participated in NDPA and PAPA. PHMSA requested records for the affected municipalities, school districts, businesses, and residents of pipeline facility locations. Savage responded with a doorhanger and a pipeline information insert. Based on Savage's response, PHMSA could not determine if affected municipalities, school districts, businesses, and residents of pipeline facility locations were advised. Savage needs to request this information from NDPA/ PAPA.

10. §195.440 Public awareness

(a) ...

(i) The operator's program documentation and evaluation results must be available for periodic review by appropriate regulatory agencies.

Based on the inspection interview, Savage failed to provide records that established and maintained liaison with fire, police, and other appropriate public officials to learn the responsibility and resources of each government organization that may respond to a hazardous liquid or carbon dioxide pipeline emergency and acquaint the officials with the operator's ability in responding to a hazardous liquid or carbon dioxide pipeline emergency and means of communication.

Savage participates in NDPA and PAPA. PHMSA requested records that establish and maintain liaison with fire, police, and other appropriate public officials to learn the responsibility and resources of each government organization that may respond to a hazardous liquid or carbon dioxide pipeline emergency and acquaint the officials with the operator's ability in responding to a hazardous liquid or carbon dioxide pipeline emergency and means of communication. Savage submitted "*Pipeline Association for*

Public Awareness Information for PHMSA PAP inspection questions” section 2.06 which states:

2.06 Maintaining Liaison with Emergency Response Officials

- Examine the documentation to determine how the operator maintains a relationship with appropriate emergency officials.
- Verify the operator has made its emergency response plan available, as appropriate and necessary, to emergency response officials.
- Identify the operator’s expectations for emergency responders and identify whether the expectations are the same for all locations or does it vary depending on locations.
- Identify how the operator determined the affected emergency response organizations have adequate and proper resources to respond.
- Identify how the operator ensures that information was communicated to emergency responders that did not attend training/information sessions by the operator.

Merriam-Webster defines liaison as: “*communication for establishing and maintaining mutual understanding and cooperation*”. The communications must solicit an exchange of information regarding an understanding about cooperation on specific matters or activities and can be accomplished through: in person meetings, email communications, via the internet, over the telephone, through regular mail, etc.

An ongoing relationship is maintained with emergency responders through the annual baseline communication which is delivered via direct mail. The packet of information includes: Pipeline Emergency Response Guidelines booklet, Public Officials Newsletter and a custom cover letter by county listing the members in that county.

Based on Savage’s submittal, PHMSA could not determine that Savage is Establishing and maintaining liaison with fire, police, and other appropriate public officials to learn the responsibility and resources of each government organization that may respond to a hazardous liquid or carbon dioxide pipeline emergency and acquaint the officials with the operator's ability in responding to a hazardous liquid or carbon dioxide pipeline emergency and means of communication. Savage needs to request this information from NDPA/ PAPA and maintain the information.

11. §195.452 Pipeline integrity management in high consequence areas.

(h) What actions must an operator take to address integrity issues?—(1) General requirements. An operator must take prompt action to address all anomalous conditions the operator discovers through the integrity assessment or information analysis. In addressing all conditions, an operator must evaluate all anomalous conditions and remediate those that could reduce a pipeline's integrity. An operator must be able to demonstrate that the remediation of the condition will ensure the

condition is unlikely to pose a threat to the long-term integrity of the pipeline. An operator must comply with §195.422 when making a repair.

Based on the inspection interview, Savage failed to take prompt action to address all anomalous conditions the operator discovers through the integrity assessment or information analysis. In addressing all conditions, an operator must evaluate all anomalous conditions and remediate those that could reduce a pipeline's integrity. An operator must be able to demonstrate that the remediation of the condition will ensure the condition is unlikely to pose a threat to the long-term integrity of the pipeline. An operator must comply with §195.422 when making a repair.

Savage had active corrosion discovered, in several locations, after two atmospheric corrosion surveys "Trenton Savage Rail Tank Farm" and "Trenton Savage Rail DAPL RFL Pipeline", dated 7-21-2020 were completed. On the week of October 12, 2020, a PHMSA Representative discovered a 24" exposed pipe with active corrosion at the Tank Farm Inlet Manifold Road Crossing. This same anomalous condition was discovered during the two atmospheric corrosion surveys dated 7-21-2020. Savage shall take immediate action to address the pipe corrosion to maintain the pipeline's integrity.

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. 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 Savage Bakken Connector, Inc. 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 3-2021-013-WL**. 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,

Gregory A. Ochs
Director, Central Region OPS
Pipeline and Hazardous Materials Safety Administration

Cc: KevinBurke@savageservices.com Kevin Burke, Senior Vice President, Industry Unit Leader, 901 W Legacy Center Way, Midvale, UT 84047