

WARNING LETTER

VIA ELECTRONIC MAIL TO: Matthew.Ramsey@energytransfer.com;
Gregory.Mcilwain@energytransfer.com; Eric.Amundsen@energytransfer.com;
Todd.Nardozzi@energytransfer.com

November 30, 2021

Matt Ramsey
Chief Operating Officer
Energy Transfer
8111 Westchester
Dallas, TX 75225

CPF 3-2021-093-WL

Dear Mr. Ramsey:

From February 24th, 2020 to February 25th, 2021 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 Sunoco Pipeline L.P. (Sunoco's) Millenium Pipeline, Corsicana Area Pipelines, West Texas Gulf System #2 and West Texas Gulf System #1 Pipelines from Midland to Nederland, Texas.

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

1. § 195.422 Pipeline repairs

(a) Each operator shall, in repairing its pipeline systems, insure that the repairs are made in a safe manner and are made so as to prevent damage to persons or property.

Sunoco failed to comply with its approved methods of permanent repair for dent anomalies with stress concentrators or metal loss. The table of approved repair methods for various anomaly types listed in Appendix B of Energy Transfer's standard operating procedure (SOP) HLI.05 Pipeline Repair does not include grinding as an approved repair method for dents with stress concentrators or metal loss.

A 0.43% dent with metal loss < 2% was reported on G-Form repair report ID 106938, RANG-BLUM Dig 19-1 Non-HCA immediate anomaly. The anomaly was on the West Texas Gulf Pipeline System (WTG) 26" Colorado City to Wortham line segment. The metal loss was sanded out and the dent recoated. The list of approved repairs does not include grinding as an approved repair method for dents with stress concentrators or metal loss. Per Energy Transfer's SOP HLI.05 Appendix B, the approved method of repair should have been a repair sleeve, hence, the repair performed did not comply with Energy Transfer's approved Permanent Repair methods.

Sunoco has since updated its SOP HLI.05 to allow for grinding to be an approved repair method for dents with stress concentrators or external corrosion (for dents = 6% of the pipe diameter containing external corrosion with depth < 12.5% of wall thickness (wt) or if stress concentrator after removal remaining wt is not less than 87.5% of nominal wt as allowed by API B31.4 table 451.6.2(b)-2.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022. 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. 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 Sunoco Pipeline 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 3-2021-071-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 Ochs
Director, Central, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

cc: Gregory Mcilwain, Senior VP Liquids Operations, Gregory.Mcilwain@energytransfer.com
Eric Amundsen, Senior VP Gas Operations, Eric.Amundsen@energytransfer.com
Todd Nardozzi, Director Regulatory Compliance, todd.nardozzi@energytransfer.com