

June 15, 2022

VIA ELECTRONIC MAIL TO: bill.moler@tallgrassenergyllp.com

Mr. William Moler
Chief Executive Officer
Tallgrass Interstate Gas Transmission, LLC
4200 W. 115th Street, Suite 350
Leawood, Kansas 66211

CPF No. 3-2022-017-NOPV

Dear Mr. Moler:

Enclosed please find a Consent Order incorporating the terms of the Consent Agreement between the Pipeline and Hazardous Materials Safety Administration (PHMSA) and Tallgrass Interstate Gas Transmission, LLC (Tallgrass or Respondent), which was executed on June 6, 2022. Service of the Consent Order and Consent Agreement by electronic mail is deemed effective upon the date of transmission and acknowledgement of receipt, or as otherwise provided under 49 C.F.R. § 190.5.

Sincerely,

Alan K Mayberry
Associate Administrator
for Pipeline Safety

Enclosures: Consent Agreement and Consent Order

Cc: Mr. Gregory Ochs, Director, Central Region, Office of Pipeline Safety, PHMSA
Ms. Crystal Heter, Chief Operating Officer, Tallgrass, crystal.heter@tallgrass.com
Ms. Jennifer Eckels, Compliance Manager, Tallgrass, jennifer.eckels@tallgrass.com
Ms. Catherine Little, outside counsel for Tallgrass, catherine.little@troutman.com
Ms. Annie Cook, outside counsel for Tallgrass, annie.cook@troutman.com

CONFIRMATION OF RECEIPT REQUESTED

Date Issued

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

)	
In the Matter of)	
)	
Tallgrass Interstate Gas)	CPF No. 3-2022-017-NOPV
Transmission, LLC)	
)	
Respondent.)	
)	

CONSENT AGREEMENT

From May 10 through August 13, 2021, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected the records and facilities of Tallgrass Interstate Gas Transmission, LLC (Respondent) in Colorado, Wyoming, Kansas, and Nebraska.

As a result of the inspection, the Director, Central Region, OPS (Director), issued to Respondent, by letter dated January 11, 2022, a Notice of Probable Violation, Proposed Civil Penalty and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice alleged that Respondent committed probable violations of five provisions of 49 C.F.R. part 192 (Items 2, 3, 4, 5, and 7), proposed ordering Respondent to take certain measures to correct Items 2, 3, and 4, and proposed a civil penalty in the amount of \$172,200 associated with Items 2, 4, 5, and 7. Two other probable violations (Items 1 and 6) were brought as warnings, advising Respondent to correct them or be subject to potential future enforcement action.

In response to the Notice, Respondent requested a hearing, asked for the opportunity to meet informally with PHMSA to discuss the allegations of violation, and sought clarification and modification of the proposed compliance order terms and requirements (Response).

PHMSA and Respondent (the Parties) subsequently met to discuss the issues raised in the Response. As a result of those discussions and as explained in more detail below, Respondent without admission has agreed to withdraw its hearing request and accept the warning items and findings of violation as alleged in the Notice subject to the clarifications as set forth below, pay a civil penalty in the amount of \$172,200 for Items 2, 4, 5, and 7, and undertake certain corrective measures.

Having agreed that settlement of this enforcement action 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 Respondent and PHMSA, the Parties hereby agree as follows:

I. General Provisions:

1. Respondent acknowledges that as the operator of the pipeline facilities subject to the Notice, Respondent and its referenced gas pipeline facilities 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 Respondent 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 Respondent, 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 Respondent'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 Respondent 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 Respondent's pipeline system referenced herein, Respondent will provide a copy of this Agreement to the prospective transferee at least 30 days prior to such transfer. Respondent 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.

Respondent 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. Respondent 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. Except as otherwise specified below, Respondent neither admits nor denies any allegation or conclusion in the Notice or this Agreement but agrees for purposes of this Agreement to comply with the terms of this Agreement.

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

II. Warning Items:

12. ***Item 1: 49 C.F.R. § 192.163(c)***: The Notice alleged that Respondent failed to have exits located to provide a convenient possibility of escape and an unobstructed passage to a place of safety due to the lack of interior bar operated door latches. This Item was brought as a warning and does not constitute a finding of violation. Respondent stated that it will replace the doors associated with Item 1.

13. ***Item 6: 49 C.F.R. § 192.605(a)***: The Notice alleged that Respondent failed to follow for each pipeline a manual of written procedures for conducting operations and maintenance activities and for emergency response. Specifically, Respondent did not follow its procedures to document and remediate a mechanically-shortened casing on the Neligh to Pierce casing. Following PHMSA's review of documents provided by Respondent which indicated the presence of a mechanically-shortened casing, Respondent removed it. This Item was brought as a warning and does not constitute a finding of violation.

14. For Warning Items 1 and 6, if OPS finds a violation of these provisions in a subsequent inspection, Respondent may be subject to future enforcement action.

III. Findings of Violation:

15. ***Item 2: 49 C.F.R. § 192.481(b)***: The Notice alleged Respondent failed to give particular attention during inspections to pipe at soil-to-air interfaces, under thermal insulation, under disbanded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water. Specifically, Respondent failed to inspect for atmospheric corrosion at pipe supports at Glenrock and Guernsey Station, and atmospheric corrosion at deck penetrations (pipe-to-wall) at Capre and Glenrock. Respondent does not contest the allegation of violation as alleged in the Notice. As such, PHMSA finds a violation of 49 C.F.R. § 192.481(b).

16. ***Item 3: 49 C.F.R. § 192.517(a)***: The Notice alleged that Respondent failed to retain for the useful life of the pipeline a record of each test performed under 49 C.F.R. §§ 192.505, 192.506, and 192.507. Specifically, Respondent failed to provide test pressure records

for the Prime Operating Cherry Creek facility. Respondent does not contest the allegation of violation as alleged in the Notice. As such, PHMSA finds a violation of 49 C.F.R. § 192.517(a).

17. **Item 4: 49 C.F.R. § 192.605(a):** The Notice alleged that Respondent failed to follow for each pipeline a manual of written procedures for conducting operations and maintenance activities and for emergency response. Specifically, Respondent failed to follow its Operations and Maintenance (OM) manual procedure OM 301_G, titled “Inspecting and Servicing Emergency Valves,” section 3.5.3, pertaining to thermal expansion protection on bypass valves (H-frame design), at the Arminto site. Respondent does not contest the allegation of violation as alleged in the Notice. As such, PHMSA finds a violation of 49 C.F.R. § 192.605(a).

18. **Item 5: 49 C.F.R. § 192.605(a):** The Notice alleged that Respondent failed to follow for each pipeline a manual of written procedures for conducting operations and maintenance activities and for emergency response. Specifically, for the Casper compressor station, Respondent failed to follow its OM procedure OM 703_G, titled “Pressure Limiting and Relief Devices and Inspections,” section 3.6, titled “Overpressure Protection Evaluation and Review,” which states that overpressure protection evaluation and reviews documentation should be done on either Form OM700-01 or OM700-02. Respondent does not contest the allegation of violation as alleged in the Notice. Thus, PHMSA finds a violation of 49 C.F.R. § 192.605(a). Respondent indicated that it will modify its procedures to specify the appropriate records and documentation requirements to ensure compliance.

19. **Item 7: 49 C.F.R. § 192.745(a):** The Notice alleged that Respondent failed to inspect and partially operate each transmission line valve that might be required during an emergency at intervals not exceeding 15 months, but at least once each calendar year. Specifically, Respondent failed to provide adequate valve inspection records for Casper and Glenrock Compression stations. Respondent does not contest the allegation of violation as alleged in the Notice. As such, PHMSA finds a violation of 49 C.F.R. § 192.745(a).

20. Items 2, 3, 4, 5, and 7, will be considered by PHMSA as prior offenses in any future PHMSA enforcement action taken against Respondent for the five (5)-year period following the *Effective Date* of this Agreement.

IV. Civil Penalty:

21. **Items 2, 4, 5, and 7:** The Notice proposed assessing a civil penalty in the amount of \$70,500 for Item 2, \$41,400 for Item 4, \$28,600 for Item 5, and \$31,700 for Item 7. Respondent does not contest the proposed civil penalties for these Items. As such, Respondent shall pay a civil penalty in the amount of **\$70,500** for Item 2, **\$41,400** for Item 4, **\$28,600** for Item 5, and **\$31,700** for Item 7.

22. Respondent shall pay a total civil penalty in the amount of **\$172,200**, pursuant to the payment instructions at 49 C.F.R. § 190.227(a), to be paid in full no later than 30 days from the *Effective Date* of this Agreement.

V. Compliance Order:

23. **Item 2:** The Notice proposed certain compliance order actions to address the non-compliance alleged in the Notice. Respondent did not contest the Proposed Compliance Order (PCO), but requested clarifications.

- a. For PCO Items A.i and A.ii, Respondent shall within **90** days of the **Effective Date** of this Agreement:
 - i. Submit a plan to the Director of Central Region to address all Compressor Station locations in the scope of the inspection that have been evaluated and deemed inadequate for purposes of documenting visual inspections of pipe penetrating building walls and pipe supports, to include a tentative schedule for completion;
 - ii. Provide updates to the Director of Central Region on the progress of item i every 90 days thereafter; and
 - iii. Submit documentation of completion to the Director of Central Region within 60 days of completion.
- b. For PCO Item A.iii., during informal discussion, Respondent addressed comments received by PHMSA on atmospheric corrosion training documentation and provided updated documentation for review by PHMSA, which PHMSA acknowledges meet the requirements of PCO item A.iii.

24. **Item 3:** The Notice proposed certain compliance order actions to address the non-compliance alleged in the Notice. Respondent did not contest the PCO, but requested additional time to complete PCO Item B. PHMSA does not oppose this request. As such, Respondent shall, by **October 1, 2022**:

- a. Hydrotest to re-confirm the appropriate MAOP for the Prime Operating Cherry Creek facility which would be in compliance with § 192.619; and
- b. Submit all documentation as it pertains to i.

25. **Item 4:** The Notice proposed certain compliance order actions to address the non-compliance alleged in the Notice. Respondent did not contest the PCO, but requested clarification of whether the terms of the PCO Item C has been satisfied following remedial actions by Respondent. Following Respondent' submission of new and additional documentation pertaining to the transmission line valves at stations identified in Item 7, PHMSA finds that Respondent has satisfied the terms of PCO Item C.

VI. Enforcement:

26. 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 \$239,142 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* 49 C.F.R. § 190.223.

VII. Dispute Resolution:

27. The Director and Respondent will informally attempt to resolve any disputes arising under this Agreement, including but not limited to any decision of the Director. If Respondent and the Director are unable to informally resolve the dispute within 15 calendar days after the dispute is first raised, in writing, to the Director, Respondent may submit a written request for a determination resolving the dispute from the Associate Administrator for Pipeline Safety, PHMSA. Such request must be made in writing and provided to the Director, counsel for the Central Region, and to the Associate Administrator for Pipeline Safety, no later than 10 calendar days from the 15-day deadline for informal resolution referenced in this paragraph. Along with its request, Respondent must provide the Associate Administrator with all information Respondent believes is relevant to the dispute. Decisions of the Associate Administrator under this paragraph will constitute final agency action. The existence of a dispute and PHMSA's consideration of matters placed in dispute will not excuse, toll, or suspend any term or timeframe for completion of any work to be performed under this Agreement during the pendency of the dispute resolution process, except as agreed by the Director or the Associate Administrator in writing, or ordered by a court of competent jurisdiction.

VIII. Effective Date:

28. 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.

IX. Modification:

29. 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.

X. Ratification:

30. 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.

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

[Signature Lines on Following Page]

For Tallgrass Interstate Gas Transmission, LLC:

Date: _____

For PHMSA:

Director, Central Region, Office of Pipeline Safety

Date: _____