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

901 Locust Street, Suite 480
Kansas City, MO 64106

NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
AND
PROPOSED COMPLIANCE ORDER

VIA ELECTRONIC MAIL TO: bill.moler@tallgrassenergylp.com; jennifer.eckels@tallgrassenergylp.com; brad.armsbury@tallgrassenergylp.com; crystal.heter@tallgrassenergylp.com

January 11, 2022

William Moler
Chief Executive Officer
Tallgrass Interstate Gas Transmission
2400 W. 115th St. Suite 350
Leawood, KS 66211

CPF 3-2022-017-NOPV

Dear Mr. Moler:

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 Tallgrass Interstate Gas Transmission, LLC (Tallgrass) records and facilities in Colorado, Wyoming, Kansas, and Nebraska.

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

1. § 192.163 Compressor stations: Design and construction.

(a) . . . .

(c) *Exits*. Each operating floor of a main compressor building must have at least two separated and unobstructed exits located so as to provide a convenient possibility of escape and an unobstructed passage to a place of safety. Each door latch on an exit must be of a type which can be readily opened from the inside without a key. Each swinging door located in an exterior wall must be mounted to swing outward.

Tallgrass failed to have exits located so as to provide a convenient possibility of escape and an unobstructed passage to a place of safety. Each door latch on an exit must be of a type which can be readily opened from the inside without a key. Each swinging door located in an exterior wall must be mounted to swing outward.

During the PHMSA field inspection at the Casper compressor station, the exit doors did not have interior panic bar operated door latches. Instead the doors were equipped with lever interior door handles. Traditional round or lever interior door handles can impede exit and may not be readily opened during an emergency.[a]

2. § 192.481 Atmospheric corrosion control: Monitoring.

(a) . . . .

(b) During inspections the operator must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.

Tallgrass 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, Tallgrass failed to inspect for atmospheric corrosion at pipe supports at Glenrock and Guernsey Station. Tallgrass also failed to inspect for atmospheric corrosion at deck penetrations (pipe-to-wall) at Casper and Glenrock.

During the PHMSA field inspection of Glenrock and Guernsey station, signs of atmospheric corrosion were present at the pipe supports throughout the station. The pipe supports did not appear to have been removed or lowered to inspect for atmospheric corrosion. Field personnel in charge of the stations verbally confirmed to PHMSA that pipeline supports are not removed, or lowered, for atmospheric corrosion inspections. Records from 2019-2021 were reviewed and confirmed that inspecting at pipeline supports had not been documented.

During the PHMSA field inspection of Casper and Glenrock station, it was noted that pipe penetrating the concrete foundation walls could not be visually inspected because the pipe was embedded within the wall. The walls are concrete and tight around the pipe, hindering the ability

[a] *See* WBI Energy Transmission, Inc., CPF 5-2013-1014W (October 9, 2013) (issuing a warning letter where the operator's compressor station exit doors did not have interior panic bar operated door latches).

to fully perform an inspection from inside, or outside, the facility. Field personnel in charge of the stations verbally confirmed to PHMSA that pipe-to-wall penetrations are observed for atmospheric corrosion inspections. Records from 2019-2021 were reviewed and confirmed that inspecting deck penetrations had not been documented.

PHMSA received a schedule and status of installing fiberglass reinforced plastic (FRP) pads at pipe supports, but these will not be completed in this calendar year according to their submittal.

3. § 192.517 Records.

(a) An operator must make, and retain for the useful life of the pipeline, a record of each test performed under §§ 192.505, 192.506, and 192.507. The record must contain at least the following information.

(1) The operator's name, the name of the operator's employee responsible for making the test, and the name of any test company used.

(2) Test medium used.

(3) Test pressure.

(4) Test duration.

(5) Pressure recording charts, or other record of pressure readings.

(6) Elevation variations, whenever significant for the particular test.

(7) Leaks and failures noted and their disposition.

Tallgrass failed to retain for the useful life of the pipeline, a record of each test performed under §§ 192.505, 192.506, and 192.507. Specifically, Tallgrass failed to provide test pressure records for the Prime Operating Cherry Creek facility.

During the PHMSA inspection, Tallgrass did not have a record of the pressure test performed on the Prime Operating Cherry Creek facility. PHMSA requested test pressure records for this facility but none were provided for the facility, only the mainline. MAOP validation was requested for the Prime Operating Cherry Creek facility. Tallgrass responded: "[u]nfortunately at this point in time the records provided to PHMSA on the mainline are all that can be located; however we will continue our search and will provide once found."

4. § 192.605 Procedural manual for operations, maintenance, and emergencies.

(a) *General*. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

Tallgrass failed to follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. Specifically, Tallgrass failed to follow its Operations and Maintenance (OM) manual procedure OM 301_G.

Tallgrass's OM 301_G, titled "Inspecting and Servicing Emergency Valves," Section 3.5.3 requires:

> On mainline block valves with two bypass valves (H-frame design), the bypass valves must be placed in one of the following positions in order to protect from thermal expansion:
> A) One valve locked open and one valve closed. It makes no difference which valve is in the Open or Closed position (upstream or downstream)
> B) Both valves closed. If this option is chosen, thermal protection must be installed. Stainless steel tubing may be installed around one of the closed bypass valves in order to equalize pressure with the pipeline or a relief valve must be installed.

During the field inspection at the Arminto site, both bypass valves (H-frame design) on mainline block valves were observed being locked closed. Stainless steel tubing around either of the closed bypass valves in order to equalize pressure with the pipeline or a relief valve was not observed. No thermal protection was observed.

Field personnel stated that valves are normally closed. PHMSA requested further clarification from Tallgrass and referred to OM manual procedure OM 301_G. Tallgrass responded: "[t]he 'H' configuration valve has one valve left open for thermal expansion. This is being checked throughout the operating area to make sure other valves sets have one valve left open on this type of mainline valve."

5. § 192.605 Procedural manual for operations, maintenance, and emergencies.
(a) *General*. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

Tallgrass failed to follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. Specifically, Tallgrass failed to follow its Operations and Maintenance (OM) manual procedure OM 703_G.

Tallgrass's OM 703_G, titled "Pressure Limiting and Relief Devices and Inspections," Section 3.6, titled "Overpressure Protection Evaluation and Review," states documentation should be in either Form OM700-01 or OM700-02.

During the field inspection at the Casper compressor station, field personnel stated that overpressure protection evaluation and reviews were documented in Excel. Tallgrass provided the evaluation and review of this station on Form OM700-02 which was dated 2009. Tallgrass could not provide the appropriate records for the last 3 years.

6. § 192.605 Procedural manual for operations, maintenance, and emergencies.
(a) *General*. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

Tallgrass failed to follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. Specifically, Tallgrass failed to follow its Operations and Maintenance (O&M) manual procedure O&M 903_GL.

Tallgrass's O&M 903_GL, titled "External Corrosion Control for Buried or Submerged Pipelines", Section 3.8.3, titled "Mechanically-Shorted Casings," states: "[r]eview all applicable information to determine if an excavation and attempt to clear the mechanical short is necessary (based on integrity assessment data) and whether attempting to clear the short is practical. For each mechanically-shorted casing, annually document the review by listing the considerations and documenting the basis that justify deeming the casing impractical to clear or unnecessary to clear. Integrity assessment data has a limited time span for which it may be utilized to deem a casing unnecessary to clear since the data represents the condition of the carrier pipe at a given point in time. If utilizing integrity assessment data to deem a casing unnecessary to clear, indicate time limitation in the review and establish an engineering basis for the determination of the time limitation. If the casing cannot be justified as impractical to clear or unnecessary to clear by validation of carrier pipe condition, then the casing must be scheduled for excavation with an attempt to clear the mechanical short."

During the field inspection of the Neligh to Pierce casing, field personnel stated that this was a shorted casing. After further review of documentation, it was noted as being mechanically shorted. PHMSA requested Tallgrass provide documentation per O&M 903_GL, Section 3.8.3. The only record provided was pipe-to-soil readings. Tallgrass procedures require mechanically-shorted casings to annually document the review by listing the considerations and documenting the basis that justify deeming the casing impractical to clear or unnecessary to clear.

Tallgrass has removed the casing since the inspection and the mechanically-shorted casing is no longer an issue.

7. § 192.745 Valve maintenance: Transmission lines.
(a) Each transmission line valve that might be required during any emergency must be inspected and partially operated at intervals not exceeding 15 months, but at least once each calendar year.

Tallgrass 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, Tallgrass failed to provide adequate valve inspection records for Casper and Glenrock Compressor stations.

PHMSA identified during the records inspection that in the Casper Compressor station, Tallgrass did not inspect its valves at least once each calendar year. Specifically, Tallgrass did not inspect during calendar years 2019 and 2020.

PHMSA identified during the records inspection that in the Glenrock Compressor station, Tallgrass did not inspect its valves at least once each calendar year. Specifically, Tallgrass did not inspect during calendar year 2019.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed $225,134 per violation per day the violation persists, up to a maximum of $2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021, and before May 3, 2021, the maximum penalty may not exceed $222,504 per violation per day the violation persists, up to a maximum of $2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019, and before January 11, 2021, the maximum penalty may not 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.

We have reviewed the circumstances and supporting documentation involved for the above probable violation(s) and recommend that you be preliminarily assessed a civil penalty of $172,200 as follows:

Item number	PENALTY
2	$70,500
4	$41,400
5	$28,600
7	$31,700

Warning Items

With respect to items 1 and 6, 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 promptly correct these item(s). Failure to do so may result in additional enforcement action.

Proposed Compliance Order

With respect to items 2, 3 and 4, pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Tallgrass. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement Proceedings*. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be 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).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 190.211. If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 3-2022-017 NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

GREGORY ALAN OCHS Digitally signed by GREGORY ALAN OCHS
Date: 2022.01.11 08:38:30 -06'00'

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

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

cc: *Jennifer Eckles, Director Compliance,* jennifer.eckels@tallgrassenergylp.com
Crystal Heter, Chief Operating Officer, crystal.heter@tallgrassenergylp.com
Brad Armsbury, Compliance Engineer, brad.armsbury@tallgrassenergylp.com

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Tallgrass a Compliance Order incorporating the following remedial requirements to ensure the compliance of Tallgrass with the pipeline safety regulations:

A. In regard to Item Number 2 of the Notice pertaining to the failure to inspect pipe for atmospheric corrosion at its compressor stations, Tallgrass must, within **90** days of the Final Order:

i. Evaluate all locations in the scope of the inspection for pipe penetrating building walls and pipe supports that have not been inspected adequately.
ii. Perform adequate visual inspection at all locations identified by the evaluation required by i and document.
iii. Develop and implement training to ensure individuals who perform atmospheric corrosion inspections have necessary knowledge and skills to perform the atmospheric corrosion inspections in a manner required by § 192.481.
iv. Submit revised training and records of inspection upon completion to the Director of Central Region.

B. In regard to Item Number 3 of the Notice pertaining to failure to retain for the useful life of the pipeline, a record of each test performed. Specifically, for the Prime Operating Cherry Creek facility, Tallgrass must, within **90** days of the Final Order:

i. Inspect and re-establish an appropriate MAOP for the Prime Operating Cherry Creek facility which would be in compliance with 192.619.
ii. Submit all documentation as it pertains to i.

C. In regard to Item Number 4 of the Notice pertaining to the block valves with two bypass valves (H-frame design), Tallgrass must, within **90** days of the Final Order:

i. Identify all block valves with two bypass valves (H-frame design) in the scope of the inspection that have the incorrect configuration.
ii. Set the proper configuration to follow OM 301_G at all locations identified by i and document.
iii. Submit summary of locations that were identified with block valves with two bypass valves (H-frame design) and locations that were addressed upon completion to the Director of Central Region.

D. It is requested that Tallgrass maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Gregory A. Ochs, Director, Central Region, OPS, 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.