

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

VIA ELECTRONIC MAIL TO: bill.moler@tallgrassenergylp.com
jennifer.eckels@tallgrassenergylp.com and crystal.heter@tallgrassenergylp.com

February 17, 2022

William Moler
President/CEO
Tallgrass Energy, LP
2400 W. 115th Street, Suite 350
Leawood, KS 66211

CPF 3-2022-040-NOPV

Dear Mr. Moler:

From March 2, 2020 through March 6, 2020, 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 of your subsidiary, Rockies Express Pipeline, LLC (REX), in Lakewood, Colorado. Additional information provided by REX after March 6, 2020 was also reviewed as part of this inspection.

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

1. § 192.611 Change in class location: Confirmation or revision of maximum allowable operating pressure.

(a) If the hoop stress corresponding to the established maximum allowable operating pressure of a segment of pipeline is not commensurate with the present class location, and the segment is in satisfactory physical condition, the maximum allowable operating pressure of that segment of pipeline must be confirmed or revised according to one of the following requirements:

(1) If the segment involved has been previously tested in place for a period of not less than 8 hours:

(i) The maximum allowable operating pressure is 0.8 times the test pressure in Class 2 locations, 0.667 times the test pressure in Class 3 locations, or 0.555 times the test pressure in Class 4 locations. The corresponding hoop stress may not exceed 72 percent of the SMYS of the pipeline in Class 2 locations, 60 percent of SMYS in Class 3 locations, or 50 percent of SMYS in Class 4 locations.

The REX Pipeline has operated at a pressure that exceeds the maximum pressure allowed in a Class 2 location. The REX Pipeline is a 42-inch diameter pipeline that was permitted to operate up to 80 percent of SMYS in Class 1 locations only pursuant to a Special Permit. The maximum allowable operating pressure (MAOP) of the REX Pipeline in Class 1 locations is 1480 psig, which produces a potential impact radius (PIR) of at least 1115 feet. REX failed to confirm or revise the MAOP for segments of the REX Pipeline in Class 2 locations to ensure that they were commensurate with the present class location. Specifically, REX failed to ensure the corresponding hoop stress did not exceed 72 percent of the specified minimum yield strength (SMYS) of the REX Pipeline in Class 2 locations. PHMSA reviewed the REX 2017-2019 Change Studies per §§ 192.609 and 192.611, and SCADA alarm records. The records confirmed that the REX pipeline had been operating at above 72 percent SMYS in Class 2 locations. All of the pipeline segments located in Class 2 locations that were operating at above 72 percent of SMYS were previously tested in place for a period of not less than 8 hours. REX was not operating with an alternative MAOP under § 192.620 such that § 192.611(a)(ii) could apply. As such, REX was required to limit its MAOP so that the corresponding hoop stress would not exceed 72 percent of SMYS of the pipe in Class 2 locations. The following 46 Class 2 locations were operated above 72 percent SMYS, in violation of the regulations, as identified in 2021:

County	State	Length (ft)	HCA	Year Changed from Class 1 to Class 2
Buchanan	MO	32.8	N	2018
Buchanan	MO	836.8	N	2018
Macon	IL	236.58	N	2016
Macon	IL	0.1	N	2016
Macon	IL	13.86	N	2016
Macon	IL	2057.13	Y	2016
Macon	IL	686.9	Y	2016
Macon	IL	100.22	N	2016

Douglas	IL	402.23	Y	2019
Douglas	IL	460.97	Y	2020
Douglas	IL	756.5	N	2020
Douglas	IL	623.8	N	2020
Morgan	IN	0.1	N	2016
Morgan	IN	187.92	N	2016
Morgan	IN	643.2	N	2016
Morgan	IN	121.3	N	2016
Morgan	IN	0.1	N	2016
Morgan	IN	214.9	N	2016
Morgan	IN	534.61	N	2016
Butler	OH	257.17	N	2017
Butler	OH	1138.2	N	2017
Butler	OH	684.91	N	2019
Butler	OH	211.18	Y	2019
Butler	OH	18.1	Y	2019
Warren	OH	77.36	N	2019
Warren	OH	410.29	Y	2016
Pickaway	OH	77.55	N	2017
Fairfield	OH	70.65	N	2017
Fairfield	OH	166.9	N	2017
Fairfield	OH	36.3	N	2017
Fairfield	OH	34.3	N	2017
Fairfield	OH	771.6	N	2017
Fairfield	OH	291.6	N	2017
Fairfield	OH	136.87	N	2017
Fairfield	OH	85.1	Y	2014
Fairfield	OH	622.75	Y	2014
Fairfield	OH	60.66	N	2014
Perry	OH	320.7	N	2019
Perry	OH	680.3	N	2019
Perry	OH	795.07	N	2019
Muskingum	OH	768.11	N	2011
Muskingum	OH	1183.07	N	2011
Muskingum	OH	260.21	N	2011
Muskingum	OH	1046.1	N	2011
Muskingum	OH	19.5	N	2011
Muskingum	OH	297.8	N	2011

Additional segments may currently be operating in non-compliance, which must be addressed by Tallgrass or they could be the subject of a future enforcement action.

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 documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

With respect to item 1 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Tallgrass Energy, LP. 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. 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).

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 3-2022-040-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Gregory A. Ochs
Director, Central Region, Office of Pipeline Safety
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@tallgrassenergyllp.com
Crystal Heter, Chief Operating Officer, crystal.heter@tallgrassenergyllp.com

PROPOSED COMPLIANCE ORDER

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

- A. In regards to Item 1 of the Notice, Rockies Express Pipeline, LLC (REX) must prepare a written work plan and schedule to lower the pressure of the pipeline to ensure the corresponding hoop stress does not exceed 72 percent of the SMYS in all Class 2 locations. The work plan and schedule required by this paragraph must be submitted to Gregory Ochs, Director, Central Region, Pipeline and Hazardous Materials Administration (Director) within **30** days of receipt of the Final Order, and may not be implemented until it has been approved, in writing, by the Director. REX must complete the pressure reduction required by this paragraph no later than **180** days from receipt of the Final Order.
- B. It is requested that Rockies Express Pipeline, LLC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Gregory Ochs, Director, Central Region, 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.