



Gary Koegeboehn
Vice President – Pipeline Operations

February 24, 2023

By Electronic Mail

Mr. Gregory Ochs
Director, Central Region
U.S. Department of Transportation
Pipeline and Hazardous Materials Safety Administration
901 Locust Street, Suite 462
Kansas City, MO 64106

Re: NuStar Pipeline Operating Partnership L.P.
Notice of Probable Violation, Proposed Civil Penalty and Proposed Compliance
Order, CPF No. 3-2023-005-NOPV
Request for Settlement Conference and Hearing

Dear Mr. Ochs:

NuStar Pipeline Operating Partnership L.P. (NuStar or the Company) is in receipt of the above-referenced Notice of Probable Violation (NOPV), Proposed Civil Penalty and Proposed Compliance Order (PCO), issued by the Pipeline and Hazardous Materials Safety Administration (PHMSA or the Agency) on January 25, 2022.

The NOPV alleges three (3) violations of the federal pipeline safety regulations, and it includes a proposed civil penalty and PCO requirement associated with each allegation. In the spirit of cooperation and without admission, NuStar is willing to accept the allegations and proposed civil penalties associated with NOPV Items 1-3. With this response, the Company is requesting an informal settlement meeting regarding clarifications and modifications to the PCO requirements and is filing a request for hearing to preserve its rights with regard to the same.

NuStar believes that this matter is capable of resolution through informal settlement pursuant to 49 U.S.C. § 60117(b)(1)(B), and the Company requests an opportunity to meet informally with the Agency for that purpose. Although the Company expects that the parties can reach an agreement on the PCO requirements, NuStar is providing this request for hearing pursuant to 49 C.F.R. §§ 190.208(b)(4), 190.211(b) to preserve its rights.

The issues to be addressed at the hearing include whether certain clarifications and modifications to the PCO requirements are warranted based on the allegations, the facts, and the Company's extensive and proactive efforts to verify the integrity of its system prior to issuance of the NOPV. In particular, the scope of the actions required and standards to be met under the PCO items are not clearly specified, and NuStar believes that revisions are necessary to ensure proper

implementation. NuStar requests that a hearing in this matter be scheduled with sufficient time to allow the parties an opportunity to meet and discuss the proposed compliance order requirements. In the event a hearing is necessary, the Company will be represented by counsel, including Bracewell LLP.

The NOPV arises from PHMSA's review of records and excavations in Arkansas that were associated with certain routine integrity management anomaly repair sleeves. Prior to issuance of the NOPV, NuStar became aware that certain welded sleeve repairs may not have been inspected pursuant to NuStar procedures and the federal pipeline safety regulations. Since learning of the issue, the Company has fully cooperated with PHMSA and taken or is in the process of taking the following actions to investigate and verify the integrity of the sleeve repairs:

1. Excavated and inspected fifty-three (53) sleeves at various locations and made repairs where necessary;
2. Coordinated with PHMSA representatives to attend as field observers at some of the inspections;
3. Provided PHMSA records and data associated with the sleeve inspections;
4. Terminated the employment of the Company inspector associated with the alleged violations in the NOPV;
5. Prohibited a contractor welder associated with the alleged violations in the NOPV from performing future work for NuStar;
6. Retraining work crews (a) to emphasize portions of inspections that should be photographed and labeled on appropriate documentation and (b) on updated procedures for magnetic particle testing;
7. Continuing to excavate, inspect and, if necessary, repair sleeves at locations relevant to the allegations in the NOPV; and
8. Hiring an additional NuStar work crew to excavate, inspect, and where necessary repair sleeves at locations relevant to the NOPV allegations.

NuStar appreciates PHMSA's cooperation and coordination regarding these issues. The Company is committed to pipeline safety and integrity. Towards that end, NuStar respectfully requests the opportunity to meet with the Agency to resolve the uncertainties surrounding the PCO requirements. If the Agency is amenable, the Company would appreciate the opportunity to have one or more representatives meet in person at the Central Region offices in Kansas City while others may attend virtually as needed.

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Sincerely,

A handwritten signature in cursive script, appearing to read "Gary Koegeboehn", with a long horizontal flourish extending to the right.

Gary Koegeboehn
Vice President – Pipeline Operations

cc: Catherine Little, Esq. (Bracewell)
Chris Rulon, Esq. (NuStar)