



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

901 Locust Street, Suite 480  
Kansas City, MO 64106

## NOTICE OF AMENDMENT

**VIA ELECTRONIC MAIL TO: [hfaulkner@lambdaoil.com](mailto:hfaulkner@lambdaoil.com);  
[jmcgrath@lambdaenergyllc.com](mailto:jmcgrath@lambdaenergyllc.com); [jstalmack@lambdaenergyllc.com](mailto:jstalmack@lambdaenergyllc.com)**

December 27, 2023

Harry Faulkner  
President/CEO  
Lambda Energy Gathering LLC  
12012 Wickchester LN Suite 300  
Houston, Texas 77079

**CPF No. 3-2023-024-NOA**

Dear Mr. Faulkner:

From July 25, 2023 through July 27, 2023, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Lambda Energy Gathering LLC's (LEG) Operations, Maintenance and Emergencies (O&ME) Manual of procedures in Kalkaska, Michigan.

As a result of the inspection, PHMSA has identified the apparent inadequacies found within LEG's procedures. The items inspected and the inadequacies are described below:

- 1. § 195.402 Procedural manual for operations, maintenance, and emergencies.**
  - (a) . . . .**
  - (c) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:**
    - (1) . . . .**
    - (3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.**

LEG did not have adequate procedures addressing the requirement to protect against ignitions arising out of static electricity, lightning, and stray currents during operation and maintenance activities involving aboveground breakout tanks in accordance with API RP 2003, as required by

49 C.F.R. § 195.405(a). Specifically, the information provided in section 7.0 of LEG's O&ME Manual for protecting aboveground breakout tanks against static electric hazards during operation and maintenance activities was general and broad in nature, and did not elaborate on the activities or practices for controlling and minimizing the static electric hazards. Furthermore, there was no safety process developed or guidance provided in section 7.0 of the O&ME Manual for the protection of aboveground breakout tanks against ignitions arising out of lightning and stray currents.

LEG must therefore review and amend its procedures to address these deficiencies by applying the provisions of the code-referenced edition of API RP 2003, specifically the control measures in sections 4.5, 5.0, and 6.0 for controlling and reducing the ignition hazards associated with static electricity, lightning strikes, and stray currents.

Following the PHMSA inspection, LEG revised section 7.0 of the O&ME Manual and incorporated the applicable recommended practices found under the aforementioned sections of API RP 2003. The outlined inadequacies appear to have been corrected with no further action necessary for Item 1.

2.     **§ 195.402 Procedural manual for operations, maintenance, and emergencies.**  
      **(a) . . . .**  
      **(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:**  
          **(1) . . . .**  
          **(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.**

LEG procedures did not address the requirement for maintaining adequate firefighting equipment at breakout tank areas, as required by 49 C.F.R. § 195.430. Specifically, no process was defined in section 7.0 of LEG's O&ME Manual that addresses the requirement for maintaining adequate firefighting equipment at breakout tank areas as well as the requirements outlined under (a), (b), and (c) of 49 C.F.R. § 195.430. Therefore, LEG must review and amend its procedures to address firefighting equipment maintenance, inspection and location at breakout tank areas.

Following the PHMSA inspection, LEG modified its procedures under the O&ME Manual by providing adequate and consistent guidance on firefighting equipment requirements at breakout tank areas and pumps stations, and identifying the appropriate OSHA regulations for the placement, maintenance, and testing of portable fire extinguishers. Thus, no further action is necessary for Item 2.

#### Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. 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, amended procedures, or a request for a hearing under § 190.211. As mentioned above, LEG has already submitted amended procedures to PHMSA which reflect the amendments required by this Notice. These amended procedures were reviewed and found to be adequate by PHMSA, therefore, no further action or response is required. If no additional response is received within 30 days of receipt of this Notice, this enforcement will be automatically closed.

It is requested that LEG maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Gregory A. Ochs, Director, Central, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 3-2023-024-NOA** 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

cc: James McGrath, Michigan Plant and Pipeline Manager, [jmcgrath@lamdaenergyllc.com](mailto:jmcgrath@lamdaenergyllc.com)  
John Stalmack, Regulatory Compliance Manager, [jstalmack@lambdaenergyllc.com](mailto:jstalmack@lambdaenergyllc.com)

Enclosure: Response Options for Pipeline Operators in Enforcement Proceedings