

September 5, 2024

VIA ELECTRONIC MAIL TO: bsullens@gmellc.com

Blake Sullens
Chief Operating Officer
Grayson Mill Operating, LLC
840 W. Sam Houston Parkway, Suite 300
Houston, Texas 77024

Re: CPF No. 3-2024-019-NOPV

Dear Mr. Sullens:

Enclosed please find the Final Order issued in the above-referenced case. It makes a finding of violation and specifies actions that need to be taken by Grayson Mill Operating, LLC, to comply with the pipeline safety regulations. When the terms of the compliance order have been completed, as determined by the Director, Central Region, this enforcement action will be closed. Service of the Final Order by e-mail is effective upon the date of transmission and acknowledgement of receipt as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure

cc: Gregory Ochs, Director, Central Region, Office of Pipeline Safety, PHMSA
Kerry Morgan, DOT/PHMSA Specialist, Grayson Mill Operating, kmorgan@gmellc.com

CONFIRMATION OF RECEIPT REQUESTED

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

In the Matter of	)	
	)	
Grayson Mill Operating, LLC,	)	CPF No. 3-2024-019-NOPV
	)	
Respondent.	)	
	)	

FINAL ORDER

From April 25, 2022, through May 27, 2022, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site and virtual pipeline safety inspection of the facilities and records of Grayson Mill Operating, LLC, (Grayson or Respondent) in North Dakota. Grayson’s Missouri Trunkline is approximately 46.7 miles of intrastate crude oil pipelines and 16 breakout tanks.

As a result of the inspection, the Director, Central Region, OPS (Director), issued to Respondent, by letter dated March 4, 2024, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Grayson had violated 49 C.F.R. Part 195 and proposed ordering Respondent to take certain measures to correct the alleged violation.

After requesting and receiving an extension of time to respond, Grayson responded to the Notice by letter dated April 24, 2024 (Response). Respondent did not contest the allegation of violation, agreed to complete the proposed compliance action, but requested additional time to complete the proposed compliance action, which is recommended by the Director, Central Region. Respondent did not request a hearing and therefore has waived its right to one.

FINDING OF VIOLATION

In its Response, Respondent did not contest the allegation in the Notice that it violated 49 C.F.R. Part 195, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.563(a), which states:

§ 195.563 Which pipelines must have cathodic protection?

(a) Each buried or submerged pipeline that is constructed, relocated,

replaced, or otherwise changed after the applicable date in § 195.401(c) must have cathodic protection. The cathodic protection must be in operation not later than 1 year after the pipeline is constructed, relocated, replaced, or otherwise changed, as applicable.

The Notice alleged that Respondent violated 49 C.F.R. § 195.563(a) by failing to provide cathodic protection on its breakout tanks. Specifically, the Notice alleged that Grayson did not have cathodic protection installed on any of its 10 1000-barrel capacity breakout tanks that were installed in 2017 and located at the Williams Booster Station.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.563(a) by failing to provide cathodic protection on its breakout tanks.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 1 in the Notice for violation of 49 C.F.R. § 195.563(a). Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Respondent requested an extension to complete the corrective measure. Finding good cause, the extension is approved. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 195.563(a) (**Item 1**), Respondent must install cathodic protection on the tanks at the William Booster Station by **June 30, 2025**.

The Director may grant an additional extension of time to comply with the required item upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

PHMSA requests that Respondent maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director. 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.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$200,000, as adjusted for inflation (*see* 49 C.F.R. § 190.223 for adjusted amounts), for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

The terms and conditions of this order are effective upon service in accordance with 49 C.F.R. § 190.5.

September 5, 2024

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Date Issued