



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

901 Locust Street, Suite 480
Kansas City, MO 64106

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

VIA ELECTRONIC MAIL TO: bsullens@graysonmillenergy.com; kmorgan@gmellc.com

March 4, 2024

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

CPF 3-2024-019-NOPV

Dear Mr. Sullens:

From April 25 through May 27, 2022, 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 Grayson Mill Operating, LLC's (Grayson) Missouri Trunkline in North Dakota by virtual and onsite inspection.

As a result of the inspection, it is alleged that Grayson has 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. **§ 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.**

At the time of the inspection, Grayson did not have cathodic protection installed on any of its 10 one-thousand-barrel capacity breakout tanks located at the Williams Booster Station. The Williams Booster Station tanks were constructed in 2017 and did not have cathodic protection installed within one year of construction. By failing to provide cathodic protection on its breakout tanks, Grayson failed to follow the requirements of § 195.563(a).

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.

Proposed Compliance Order

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 Grayson. 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 your receipt of this Notice, you have 30 days to respond as described in the enclosed *Response Options*. 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. The Region Director may extend the period for responding upon a written request timely submitted demonstrating good cause for an extension.

In your correspondence on this matter, please refer to **CPF 3-2024-019-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

cc: Kerry Morgan, DOT/PHMSA Specialist kmorgan@gmellc.com

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

PROPOSED COMPLIANCE ORDER

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

- A. In regard to Item number 1 of the Notice pertaining to the Williams Booster Station Breakout tanks, Grayson must install cathodic protection on the tanks at the William Booster Station within **180** days of receipt of the Final Order.
- B. It is requested that Grayson maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Gregory Ochs, Director, Central, 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.