August 13, 2025

VIA ELECTRONIC MAIL TO: jeff.pinter@nglep.com

Jeff Pinter
President and CEO
NGL Supply Terminal Company, LLC
6120 South Yale Avenue, Suite 1300
Tulsa, OK 74136

Re: CPF No. 3-2024-022-NOPV

Dear Mr. Pinter:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation, assesses a civil penalty of $21,200, and specifies actions that need to be taken by NGL Supply Terminal Company, LLC to comply with the pipeline safety regulations. The penalty payment terms are set forth in the Final Order. When the civil penalty has been paid and the terms of the compliance order 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 CFR § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Linda Daugherty
Acting Associate Administrator
for Pipeline Safety

Enclosures (Final Order and NOPV)

cc: Mr. David Barrett, Acting Director, Central Region, Office of Pipeline Safety, PHMSA, Office of Pipeline Safety

Mr. Eric S. Coleman, Director of Operations, Compliance, NGL Energy Partners, LP,
eric.coleman@nglep.com

<u>CONFIRMATION OF RECEIPT REQUESTED</u>

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

In the Matter of	
NGL Supply Terminal Company, LLC,	
a subsidiary of NGL Energy Partners, LP,	**CPF No. 3-2024-022-NOPV**
Respondent.	

FINAL ORDER

From June 5 to June 9, 2023, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), virtually inspected NGL Supply Terminal Company, LLC's (NGL) control room management procedures in Cushing, Oklahoma. NGL Supply Terminal Company, LLC is a subsidiary of NGL Energy Partners, LP, a publicly traded midstream organization that provides multiple services to producers and end-users, including transportation, storage, blending and marketing of crude oil, natural gas liquids, refined products/renewables, and water solutions.[1] NGL Supply Terminal Company, LLC operates the Ambassador Pipeline, an eight-inch 225-mile anhydrous ammonia pipeline that spans from Kalkaska, Michigan to Marysville, Michigan.

As a result of the inspection, the Director, Central Region, OPS (Director), issued to Respondent, by letter dated May 8, 2024, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice). In accordance with 49 CFR § 190.207, the Notice proposed finding that NGL had committed three violations of 49 CFR Part 195, proposed assessing a civil penalty of $21,200 for the alleged violations, and proposed ordering Respondent to take certain measures to correct the alleged violations. The Notice also included an additional warning item pursuant to 49 CFR § 190.205, which warned Respondent to correct the probable violation or face possible future enforcement action.

NGL responded to the Notice by letter dated June 4, 2024 (Response). Respondent did not contest the allegations of violation but provided an explanation of its actions and requested that the proposed civil penalty be reduced or eliminated. Respondent also requested additional time to complete the proposed corrective actions. Respondent did not request a hearing and therefore has waived its right to one.

[1] NGL Energy Partners LP, "Who We Are," https://www.nglenergypartners.com/about-ngl/ (last visited March 19, 2025).

FINDINGS OF VIOLATION

In its Response, NGL did not contest the allegations in the Notice that it violated 49 CFR Part 195, as follows:

Item 1: The Notice alleged that Respondent violated 49 CFR § 195.446(c)(1), which states:

> **§ 195.446 Control room management.**
> (a) . . . .
> (c) *Provide adequate information.* Each operator must provide its controllers with the information, tools, processes and procedures necessary for the controllers to carry out the roles and responsibilities the operator has defined by performing each of the following:
> (1) Implement API RP 1165 (incorporated by reference, *see* § 195.3) whenever a SCADA system is added, expanded or replaced, unless the operator demonstrates that certain provisions of API RP 1165 are not practical for the SCADA system used;

The Notice alleged that Respondent violated 49 CFR § 195.446(c)(1) by failing to implement API RP 1165 whenever a SCADA system is added, expanded or replaced. Specifically, the Notice alleged that NGL failed to implement API RP 1165 when it added the 225-mile Michigan Ambassador Pipeline to its SCADA system in September 2022.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all the evidence, I find that Respondent violated 49 CFR § 195.446(c)(1) by failing to implement API RP 1165 whenever a SCADA system is added, expanded or replaced.

Item 3: The Notice alleged that Respondent violated 49 CFR § 195.446(e)(1), which states:

> **§ 195.446 Control room management.**
> (a) . . . .
> (e) *Alarm management.* Each operator using a SCADA system must have a written alarm management plan to provide for effective controller response to alarms. An operator's plan must include provisions to:
> (1) Review SCADA safety-related alarm operations using a process that ensures alarms are accurate and support safe pipeline operations;

The Notice alleged that Respondent violated 49 CFR § 195.446(e)(1) by failing to review SCADA safety-related alarm operations using a process that ensures alarms are accurate and support safe pipeline operations. Specifically, the Notice alleged that NGL failed to consider three types of alarms as safety-related and critical (rate of change, mass balance, and communication alarms) and failed to identify alarms according to its alarm priorities table in its control room management plan.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all the evidence, I find that Respondent violated 49 CFR § 195.446(e)(1) by failing to review SCADA safety-related alarm operations using a process that ensures alarms are accurate and support safe pipeline operations.

Item 4: The Notice alleged that Respondent violated 49 CFR § 195.446(e)(2), which states:

> **§ 195.446 Control room management.**
> (a) . . . .
> (e) *Alarm management.* Each operator using a SCADA system must have a written alarm management plan to provide for effective controller response to alarms. An operator's plan must include provisions to:
> (1) . . . .
> (2) Identify at least once each calendar month points affecting safety that have been taken off scan in the SCADA host, have had alarms inhibited, generated false alarms, or that have had forced or manual values for periods of time exceeding that required for associated maintenance or operating activities;

The Notice alleged that Respondent violated 49 CFR § 195.446(e)(2) by failing to identify at least once each calendar month points affecting safety that have been taken off scan in the SCADA host, have had alarms inhibited, generated false alarms, or that have had forced or manual values for periods of time exceeding that required for associated maintenance or operating activities. Specifically, the Notice alleged that NGL failed to have sufficient procedures implementing section 195.446(e)(2) and failed to provide records that indicated it conducted the required monthly review.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 CFR § 195.446(e)(2) by failing to identify at least once each calendar month points affecting safety that have been taken off scan in the SCADA host, have had alarms inhibited, generated false alarms, or that have had forced or manual values for periods of time exceeding that required for associated maintenance or operating activities.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed $200,000 per violation for each day of the violation, up to a maximum of $2,000,000 for any related series of violations.[2]

In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 CFR § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; any effect that the penalty may have on its ability to continue doing business; the good faith of Respondent in attempting to comply with the pipeline safety regulations; and self-disclosure or actions to correct a violation prior to discovery by PHMSA. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require. The Notice proposed a total civil penalty of $21,200 for the violation cited above. Effective May 20, 2025, PHMSA revised its proposed civil penalty calculation policy to use the version of the Civil Penalty Worksheet in effect when the alleged violation occurred. The new policy did not change the proposed civil penalty in this case.

Item 4: The Notice proposed a civil penalty of $21,200 for Respondent's violation of 49 CFR § 195.446(e)(2), for failing to identify at least once each calendar month points affecting safety that have been taken off scan in the SCADA host, have had alarms inhibited, generated false alarms, or that have had forced or manual values for periods of time exceeding that required for associated maintenance or operating activities. The new policy for calculating a proposed civil penalty did not change the proposed civil penalty for this item. NGL contended that the proposed penalty should be reduced or withdrawn for three reasons. First, NGL stated it had no reason to believe its monthly reviews were not sufficient because this issue was not identified by three recent state inspections (in 2018, 2020, and 2023). Second, NGL contended it was following its existing procedure for monthly reviews but was unaware its procedure was not sufficient, and had NGL been aware, the duration of the violation would have different. Third, NGL stated that it began to implement corrective action before receiving the Notice.

Turning to the assessment factors, I note that with respect to the nature of the violation, OPS selected that this was an "activities" violation as reflected in the Violation Report. An "activities" violation may be a failure to perform or conduct activities. I find that the record supports this selection because NGL failed to conduct all required activities (the monthly alarm review).

With respect to the circumstances of the violation, I note that NGL did not self-report the non-compliance. Therefore, OPS appropriately selected that "PHMSA or a State Partner discovered the violation" in the Violation Report. With respect to the duration of the violation, OPS alleged that the violation occurred for "10 days or more." While NGL claimed that the duration could have been different if the non-compliance was identified during one of the recent state inspections, it did not otherwise dispute that this violation occurred for 10 days or more.

With respect to the gravity of the violation, OPS selected the lowest possible criteria for gravity ("Pipeline safety was minimally affected, notwithstanding the conditions above."). The evidence supports this selection. Therefore, there is no basis to reduce the penalty. The Violation Report noted three instances of the violation and the evidence supports this selection. NGL did not contest the number of instances of violation.

[2] These amounts are adjusted annually for inflation. *See* 49 CFR § 190.223 for adjusted amounts.

With respect to Respondent's culpability, OPS alleged that NGL "failed to comply with an applicable requirement." OPS did not allege that NGL intentionally violated the pipeline safety regulations. Therefore, NGL's belief or intent (resulting from recent state inspections or otherwise) did not impact this civil penalty calculation. Moreover, NGL is not entitled to a penalty reduction for its corrective actions because they were not performed prior to PHMSA's discovery of the violations. Corrective action taken after PHMSA learns of the violation is not a basis to reduce a civil penalty.[3] I find that the record supports the culpability selection because NGL failed to conduct the requisite monthly alarm reviews.

As to good faith, NGL presented no circumstances beyond its control that would have prevented it from complying. As to history of prior offenses, the Violation Report noted that Respondent did not have any prior offenses; therefore, this was already factored into the proposed penalty amount. Lastly, Respondent did not claim the penalty would affect its ability to continue in business.

For the above reasons, after considering the arguments provided to reduce the proposed penalty, I find NGL's arguments unpersuasive. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of $21,200 for violation of 49 CFR § 195.446(e)(2).

Payment of the civil penalty must be made within 20 days after receipt of this Final Order. Federal regulations (49 CFR § 89.21(b)(3)) require such payment to be made by wire transfer through the Federal Reserve Communications System (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMK-325), Federal Aviation Administration, Mike Monroney Aeronautical Center, 6500 S MacArthur Blvd, Oklahoma City, Oklahoma 79169. The Financial Operations Division telephone number is (405) 954-8845.

Failure to pay the civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 CFR § 901.9 and 49 CFR § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in a district court of the United States.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 1, 3, and 4 in the Notice for violations of 49 CFR §§ 195.446(c)(1), 195.446(e)(1), and 195.446(e)(2), respectively. 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.

[3] Toledo Refining Company LLC, Final Order, CPF No. 1-2022-028-NOPV, 2023 WL 2611154, at *4 (Mar. 22, 2023); NuStar Pipeline Operating Partnership, L.P., Final Order, CPF No. 3-2021-005-NOPV, 2021 WL 5907916, at *5 (Dec. 1, 2021).

With regard to the violation of section 195.446(e)(1) (Item 3), Respondent requested an additional 90 days to complete the corrective actions. In a recommendation for final action submitted pursuant to section 190.209(b)(7), the Director recommended extending the compliance deadline as requested, but only if an update is provided after 90 days. I find it reasonable to extend the compliance deadline and require a status update by the original deadline proposed.

With regard to the violation of section 195.446(e)(2) (Item 4), Respondent requested an additional 90 days to complete the corrective actions. In a recommendation for final action submitted pursuant to section 190.209(b)(7), the Director recommended extending the compliance deadline as requested, but only if an update is provided after 90 days. I find it reasonable to extend the compliance deadline and require a status update by the original deadline proposed.

For the above reasons, the Compliance Order is modified as set forth below.

Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 CFR § 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 section 195.446(c)(1) (**Item 1**), Respondent must conduct an audit of SCADA screens and system as well as the Style Guide/SCADA Design Manual against API RP 1165 and provide records of the audit to the Director, Central Region within 90 days of receipt of the Final Order.

2. With respect to the violation of section 195.446(e)(1) (**Item 3**), Respondent must amend its procedure to include all categories identified in the SCADA master data base as safety related and correctly implement in the SCADA data base all categories identified in the data base. This also includes the considerations of alarms related to Leak Detection and training controllers on the procedure and safety related points. Respondent must provide an update on the status of this corrective action to the Director, Central Region within 90 days of receipt of the Final Order. Respondent must provide the amended procedures and any associated records of the completed corrective actions to the Director, Central Region within 180 days of receipt of the Final Order.

3. With respect to the violation of section 195.446(e)(2) (**Item 4**), Respondent must amend its procedure to identify and review all points affecting safety that have been taken off scan in the SCADA host, have had alarms inhibited, generated false alarms, or that have had forced or manual values for periods of time exceeding that required for associated maintenance or operating activities and conduct two consecutive month reviews using the new process. Respondent must provide an update on the status of this corrective action to the Director, Central Region within 90 days of receipt of the Final Order. Respondent must provide the amended procedures, records of the monthly reviews using the new process, and any other associated records of the completed corrective actions to the Director, Central Region within 180 days of receipt of the Final Order.

The Director may grant an extension of time to comply with any of the required items 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 CFR § 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.

WARNING ITEM

With respect to Item 2, the Notice alleged a probable violation of Part 195, but identified it as a warning item pursuant to section 190.205. The warning was for:

> 49 CFR § 195.446(c)(4) **(Item 2) ─** Respondent's alleged failure to test any backup SCADA systems at least once each calendar year, but at intervals not to exceed 15 months in accordance with its control room management plan.

If OPS finds a violation of this provision in a subsequent inspection, Respondent may be subject to future enforcement action.

Under 49 CFR § 190.243, Respondent may submit a Petition for Reconsideration of this Final Order to the Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. The written petition must be received no later than 20 days after receipt of the Final Order by Respondent. Any petition submitted must contain a statement of the issue(s) and meet all other requirements of 49 CFR § 190.243. The filing of a petition automatically stays the payment of any civil penalty assessed. The other terms of the order, including corrective action, remain in effect unless the Associate Administrator, upon request, grants a stay. The terms and conditions of this Final Order are effective upon service in accordance with 49 CFR § 190.5.

______________________________	________________________
Linda Daugherty Acting Associate Administrator for Pipeline Safety	Date Issued

NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER

VIA ELECTRONIC MAIL TO: Jeff.pinter@nglep.com, eric.colman@nglep.com

May 8, 2024

Mr. Jeff Pinter
President and CEO
NGL Supply Terminal Company, LLC
6120 South Yale Avenue, Suite 1300
Tulsa, OK 74136

CPF 3-2024-022-NOPV

Dear Mr. Pinter:

From June 5 to June 9, 2023, 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.), virtually inspected NGL Supply Terminal Company, LLC's (NGL Supply) Control Room Management (CRM) procedures in Cushing, Oklahoma.

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

1. § 195.446 Control room management.

> **(a) *General*. This section applies to each operator of a pipeline facility with a controller working in a control room who monitors and controls all or part of a pipeline facility through a SCADA system. Each operator must have and follow written control room management procedures that implement the requirements of this section….**
> **(b) ….**
> **(c) *Provide adequate information.* Each operator must provide its controllers with the information, tools, processes and procedures necessary for the controllers to carry out the roles and responsibilities the operator has defined by performing each of the following:**
> **(1) Implement API RP 1165 (incorporated by reference, *see* § 195.3) whenever a SCADA system is added, expanded or replaced, unless the operator demonstrates that certain provisions of API RP 1165 are not practical for the SCADA system used.**

NGL Supply failed to verify that API RP 1165 had been implemented in the SCADA system and its Style

Guide/SCADA Design Manual when it added the 225-mile Michigan Ambassador Pipeline to their SCADA system in September 2022, per the requirement of § 195.446(c)(1).

2. § 195.446 Control room management.

(a) *General*. This section applies to each operator of a pipeline facility with a controller working in a control room who monitors and controls all or part of a pipeline facility through a SCADA system. Each operator must have and follow written control room management procedures that implement the requirements of this section….
(b) ….
(c) *Provide adequate information.* Each operator must provide its controllers with the information, tools, processes and procedures necessary for the controllers to carry out the roles and responsibilities the operator has defined by performing each of the following:
(1) ….
(4) Test any backup SCADA systems at least once each calendar year, but at intervals not to exceed 15 months; and

NGL Supply failed to follow its procedure, CRM Plan section 3.5.4.2, when it tested its backup SCADA systems at least once each calendar year, but at intervals not to exceed 15 months, per the requirements of § 195.446(c)(4). Specifically, CRM Plan section 3.5.4.2 required a test period of 30 minutes. While NGL Supply's controllers conducted a test monthly (more frequent than the procedure required), 7 out of 15 tests reviewed did not last the full 30 minutes.

This failure to follow procedures was identified before the inspection and corrected by NGL Supply. No further action required.

3. § 195.446 Control room management.

(a) *General*. This section applies to each operator of a pipeline facility with a controller working in a control room who monitors and controls all or part of a pipeline facility through a SCADA system. Each operator must have and follow written control room management procedures that implement the requirements of this section….
(b) ….
(e) *Alarm management.* Each operator using a SCADA system must have a written alarm management plan to provide for effective controller response to alarms. An operator's plan must include provisions to:
(1) Review SCADA safety-related alarm operations using a process that ensures alarms are accurate and support safe pipeline operations.

NGL Supply's SCADA Safety-Related Alarm List failed to ensure alarms were accurate and supported safe pipeline operations by failing to define and implement safety related points and alarms, per the requirements of § 195.446(e)(1). Specifically, three alarms were not considered safety related points/alarms: rate of change, mass balance, and communication alarms. CRM Plan section 5.2.8 provided a table with a listing of safety related alarms and noted that, "these alarms will have the highest alarm priority and will generate the most critical alarm level." Section 5.4.4 defined the Alarm Priorities as Critical (C), High (H), Medium (M), Low (L), and section 5.4.4.1.4 stated, "Critical Priority alarms are considered Safety Related Alarms for NGL Control Centers." Rate of change (ROC) and mass balance alarms were used in SCADA for Leak Detection but were not defined in the Table of section 5.2.8 as safety related alarms. NGL Supply's ROC pressure and flow alarms for its Ambassador Pipeline were classified low priority in the data base. This was done to reduce the number of false alarms to the controller. NGL Supply was in the process of refining these alarm set points to improve alarming for Leak Detection. The mass balance, which can be an indication of leaks, was set to high priority and not critical, so it was not included in the safety related category when it should have been. These actions resulted in under reporting of safety related alarms related to leak detection. Also, communication failures were not considered safety related. By not including these alarms in section 5.2.8 and implementing them as lower priorities in the data base than defined through procedure, NGL Supply did not support safe pipeline operations.

A review of the SCADA master database identified that some points were indicated with a critical priority but not included in Table 5.2.8. These alarms were (1) "Gas Detect High High," (2) "Temp Transmitter High High," (3) "Density High High," and (4) "Meter Temp High High." NGL Supply also incorrectly identified multiple pressure information transmitters (PIT) as High rather than critical. These included PID-120, PIT 1201, PIT 1202, PID 2701, and PIT 2702. Additionally, there were rapid rate of change alarms listed as low priority and most communication outages were labeled as low priority. PHMSA determined during the inspection that there were gaps between the CRM Plan that defined safety related alarms and NGL Supply's implementation of safety related alarms and points. Thus, NGL Supply's CRM Plan failed to have an alarm management plan with sufficient review of SCADA safety-related alarm operations, in violation of § 195.446(e)(1).

4. § 195.446 Control room management.

> **(a) *General*. This section applies to each operator of a pipeline facility with a controller working in a control room who monitors and controls all or part of a pipeline facility through a SCADA system. Each operator must have and follow written control room management procedures that implement the requirements of this section….**
> **(b) ….**
> **(e) *Alarm management.* Each operator using a SCADA system must have a written alarm management plan to provide for effective controller response to alarms. An operator's plan must include provisions to:**
> **(1) ….**
> **(2) Identify at least once each calendar month points affecting safety that have been taken off scan in the SCADA host, have had alarms inhibited, generated false alarms, or that have had forced or manual values for periods of time exceeding that required for associated maintenance or operating activities.**

NGL Supply failed to complete the monthly review of points affecting safety that have been taken off scan in the SCADA host, have had alarms inhibited, generated false alarms, or that have had forced or manual values for periods of time exceeding that required for associated maintenance or operating activities, per the requirements of § 195.446(e)(2). PHMSA reviewed records for the months of December 2020, April 2021, March 2022, and March 2023. These records identified that while NGL Supply reviewed several important factors related to operating alarms, it failed to review and document those points affecting safety that have been taken off scan in the SCADA host, have had alarms inhibited, generated false alarms, or that have had forced or manual values for periods of time exceeding that required for associated maintenance or operating activities. Thus, NGL Supply was not in compliance with § 195. 446(e)(2).

Furthermore, the CRM Plan section 5.1.2.16 detailed the requirement for the monthly review by only restating the regulation. The CRM Plan referenced a review of nuisance alarms under procedure "Nuisance Alarm Resolution Procedure." False alarms are gathered under nuisance alarms. CRM Plan section 11.8 also restated the regulation and offered guidance on review of nuisance alarms. A review of the records identified four areas of review: (1) Key Performance Indicators (KPIs), (2) "Top 10 All Alarm Review," (3) "Critical Alarm Review," and (4) "Stale Alarm Review." These reviews were not defined in a procedure in the CRM Plan. Therefore, NGL Supply failed to have, in practice, procedures to identify points affecting safety that have been taken off scan in the SCADA host, have had alarms inhibited, generated false alarms, or that have had forced or manual values for periods of time exceeding that required for associated maintenance or operating activities, in violation of § 195.446(e)(2).

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed $266,015 per violation per day the violation persists, up to a maximum of $2,660,135 for a related series of violations. For violation occurring on or after January 6, 2023, and before December 28, 2023, the maximum penalty may not exceed $257,664 per violation per day the violation persists, up to a maximum of $2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022, and before January 6, 2023, the maximum penalty may not exceed $239,142 per violation per day the violation persists, up to a maximum of $2,391,412 for a related series of violations. For violation occurring on or after May 3, 2021, and before March 21, 2022, the maximum penalty may not 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 each violation involving LNG facilities, an additional penalty of not more than $79,875 occurring on or after July 31, 2019, and before January 11, 2021, may be imposed. For each violation involving LNG facilities, an additional penalty of not more than $77,910 occurring on or after November 27, 2018, and before July 31, 2019, may be imposed.

We have reviewed the circumstances and supporting documentation involved for the above probable violations and recommend that you be preliminarily assessed a civil penalty of $ 21,200 as follows:

Item number	PENALTY
4	$ 21,200

Proposed Compliance Order

With respect to Items 1, 3, and 4, pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to NGL Supply. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Item

With respect to Item 2, we have reviewed the circumstances and supporting documents involved in this case and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to promptly correct this item. Failure to do so may result in additional enforcement action.

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 3-2024-022-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: Eric Coleman, Director Operations-Compliance **eric.colman@nglep.com**

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

<u>PROPOSED COMPLIANCE ORDER</u>

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

A. In regard to Item 1 of the Notice, pertaining to NGL Supply's failure to verify that API RP 1165 had been implemented in the SCADA system or the Style Guide/SCADA Design Manual, NGL Supply must conduct an audit of SCADA screens and system as well as the Style Guide/SCADA Design Manual against API 1165 (incorporated by reference) within **90 days** of receipt of the Final Order.

B. In regard to Item 3 of the Notice, pertaining to NGL Supply's failure to define safety related points and alarms, NGL Supply must amend its procedure to include all categories identified in the SCADA master data base as safety related and correctly implement in the SCADA data base all categories identified in the data base. This also includes the considerations of alarms related to Leak Detection and training controllers on the procedure and safety related points within **90 days** of receipt of the Final Order.

C. In regard to Item 4 of the Notice, pertaining to NGL Supply's failure to complete the monthly review of points affecting safety that have been taken off scan in the SCADA host, have had alarms inhibited, generated false alarms, or that have had forced or manual values for periods of time exceeding that required for associated maintenance or operating activities, NGL Supply must amend its procedure to identify and review all points affecting safety that have been taken off scan in the SCADA host, have had alarms inhibited, generated false alarms, or that have had forced or manual values for periods of time exceeding that required for associated maintenance or operating activities within **90 days** of receipt of the Final Order. NGL Supply must also conduct two consecutive month reviews using the new process within **90 days** of receipt of the Final Order

D. It is requested that NGL Supply 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.