NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER

June 4, 2024

Mr. Gregory Alan Ochs
Director, Central Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

CPF 3-2024-022-NOPV

PROPOSED COMPLIANCE ORDER

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.

NGL Response:

NGL accepts the findings above and will complete a review of the integration of the 225-mile Michigan Ambassador pipeline and existing displays to ensure they comply API RP 1165. This review will comply will the applicable sections of AP RP 1165 and will be documented. NGL accepts the compliance order of 90 days to complete the review of the existing system.

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.

NGL Response:

NGL accepts the findings above and will continue to review and modify the CRM Alarm Management Plan. NGL will conduct and review of the master alarm database to ensure that the alarm priorities given to each alarm; (1) matches the alarm management plan procedures for classifying alarm priorities; and (2) Alarm Priorities are properly listed within the procedures. Due to seeking out third party assistance, NGL rejects the compliance order timeline of 90 days and is asking for a continuance of 180 days from 6/4//2024 to fully execute these changes.

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

NGL Response:

NGL takes all the findings above vary seriously and will implement changes to the way NGL conducts its monthly alarm reviews to ensure all required elements are captured during these reviews. NGL is seeking that this finding be downgraded from a proposed civil penalty and compliance order to just a compliance order for the following reasons:

1. Gravity: NGL completed three (3) state inspections with PHMSA's state partners (OCC and LADNR). OCC conducted two of the inspections, one in 2018 and one in 2023. LADNR completed their inspections in 2020. During these State inspections monthly alarms were reviewed and no comments were made as to NGL completing these reviews incorrectly. Had NGL received comments of these items being completed incorrectly the duration listed in this finding would have been minimized. As such NGL believed that the methods being implemented were correct and therefore no changes were needed to modify internal procedures for completing these reviews.

2. Nature: As the finding states, NGL did have procedures located in 5.1.2.16 detailing the requirement for the monthly review. Additionally, NGL was completing reviews of the Alarms / Alarm Metrics. Due to this, NGL believes that procedures were followed, and records were provided as they had been provided in previous audits without findings of inaccuracies. As mentioned, NGL

was unaware that their procedures did not meet code standards (previous audits led to this belief) and NGL was not intentionally violating any sections of the code. Per PHMSA's direction, NGL has already begun to take the necessary corrective actions to mitigate procedural and record inaccuracies.

3. NGL will conduct an internal inspection of its CRM procedures to ensure that all procedures are fully detailed and do not simply parrot the code. Additionally, NGL will ensure that all procedures are being followed and documented in accordance with the CRM requirements.
NGL will comply with the compliance order and 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. Due to seeking out third party assistance, NGL rejects the compliance order timeline of 90 days and is asking for a continuance of 180 days from 6/4/2024 to fully execute these changes. Additionally, NGL will conduct two consecutive month reviews using the new process within 180 days receipt of the Final Order.

Lastly, NGL is seeking exemption from complying with this Compliance Order and Civil Penalty on future PHMSA findings from the date of the inspection to the date this final report was issued. NGL was not made aware of this finding for 11 months following the inspection and therefore should not be held accountable for possible violations that occurred during this time-period.

Respectively,

Eric S Coleman
Director of Operations, Compliance
NGL Energy Partners LP