

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

VIA ELECTRONIC MAIL TO: matt@tallgrass.com kale.stanton@tallgrassenergylp.com;
crystal.heter@tallgrassenergylp.com; danielle.stephens@tallgrass.com

April 15, 2024

Mr. Matt Sheehy
Chief Executive Officer
Tallgrass Energy, LP
4200 W. 115th St. Suite 350
Leawood, KS 66211

CPF 3-2024-035-NOPV

Dear Mr. Sheehy:

From May 22 to June 8, 2023, representatives 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 Tallgrass Energy, LP's (Tallgrass) records and procedures for the new gas integrity rule¹ in Lakewood, Colorado.

As a result of the inspection it is alleged that Tallgrass 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. **§ 192.607 Verification of Pipeline Material Properties and Attributes: Onshore steel transmission pipelines.**
 - (a)
 - (c) ***Verification of material properties and attributes.*** If an operator does not have traceable, verifiable, and complete records required by paragraph (b) of this section, the operator must develop and implement procedures for conducting nondestructive or destructive tests, examinations, and assessments in order to

¹ Docket No. PHMSA–2011–0023; Amdt. Nos. 191–26; 192–125 Pipeline Safety: Safety of Gas Transmission Pipelines: MAOP Reconfirmation, Expansion of Assessment Requirements, and Other Related Amendments

verify the material properties of aboveground line pipe and components, and of buried line pipe and components when excavations occur at the following opportunities: Anomaly direct examinations, *in situ* evaluations, repairs, remediations, maintenance, and excavations that are associated with replacements or relocations of pipeline segments that are removed from service...

Tallgrass did not opportunistically obtain material attributes for a line segment that was relocated and replaced as required by § 192.607 and its procedure for material verification. In 2023, a segment of the Doniphan to York line was relocated and replaced to remediate anomalies. In the area of this relocation project, Tallgrass had previously identified pipe attributes as missing in its MAOP-R database. Tallgrass' procedure entitled "OM_210G Material Verification" referenced SOP-A19, which defined, in section 2.1.5, when opportunistic testing shall be done in accordance with § 192.607. Section 2.1.5(g) specifically called out excavations associated with replacements or relocations of pipeline segments that are removed from service as a condition for getting the attributes opportunistically. As this was a relocation, those attributes (Grade, Seam Type) should have been obtained. Thus, Tallgrass failed to meet the requirements of § 192.607.

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.

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 Tallgrass Energy. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

This Notice is issued in accordance with 49 C.F.R. § 190.207(c). Any response you may have submitted to the original Notice is no longer applicable. You must respond as set forth below.

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 3-2024-035-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: Danielle Stephens , DOT Compliance Primary, Tallgrass Energy, L.P.,
Danielle.Stephens@tallgrass.com;
Crystal Heter, Chief Operating Officer, Tallgrass Energy, L.P.,
crystal.heter@tallgrassenergylp.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 Tallgrass a Compliance Order incorporating the following remedial requirements to ensure the compliance of Tallgrass with the pipeline safety regulations:

- A. In regard to Item 1 of the Notice pertaining to not opportunistically gathering missing attributes when the pipeline was replaced, Tallgrass must find pipe removed during the relocation project and test it for the missing attributes. If Tallgrass cannot find the removed pipe, then it must mobilize to the line segment, excavate a remaining section of pipe that was missing TVC data, and get those attributes. Tallgrass must complete this requirement within **180** days of receipt of the Final Order. Within **30** days of completion, Tallgrass must send documentation to Gregory A. Ochs, OPS Central Region Director, PHMSA showing the Compliance Order requirement has been fulfilled.

- C. It is requested that Tallgrass maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Gregory A 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.