

June 18, 2025

**VIA MAIL TO: jamesferrell@ferrellgas.com; johnfegett@ferrellgas.com;
davepeters@ferrellgas.com**

Mr. James E. Ferrell
Executive Chairman/President
Ferrellgas, L.P.
One Liberty Plaza
Liberty, Missouri 64068

CPF No. 3-2024-049-NOPV

Dear Mr. Ferrell:

Enclosed please find a Consent Order incorporating the terms of the Consent Agreement between the Pipeline and Hazardous Materials Safety Administration (PHMSA) and Ferrellgas, L.P., which was executed on June 16, 2025. Service of the Consent Order and Consent Agreement by electronic mail is deemed effective upon the date of transmission and acknowledgement of receipt, or as otherwise provided under 49 CFR § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Timothy Gaither
Acting Associate Administrator
for Pipeline Safety

Enclosure: Consent Order and Consent Agreement

cc: Dave Berrett, Acting Regional Director, PHMSA, Office of Pipeline Safety
Jordan Burns, Vice President – Legal, Ferrellgas, L.P.
John Fegett, DOT Compliance Asst., Ferrellgas, L.P.

Rufus Youngblood, Director Safety, Ferrellgas, L.P., rufusyoungblood@ferrellgas.com
Megan Haines, Counsel, Reed Smith, LLP, mhaines@reedsmith.com
Mary Balaster, Counsel, Reed Smith, LLP, mbalaster@reedsmith.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

Ferrellgas, L.P.

Respondent.

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CPF No. 3-2024-049-NOPV

CONSENT AGREEMENT

From May 15 through May 19, 2023, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of Title 49, United States Code (U.S.C.), inspected Ferrellgas, L.P.'s (Ferrellgas or Respondent) petroleum gas system in Green Bay, Wisconsin.

As a result of the inspection, the Director, Central Region, OPS (Director), issued to Respondent, by letter dated July 2, 2024, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice), which also included a warning pursuant to 49 CFR § 190.205. In accordance with 49 CFR § 190.207, the Notice proposed finding that Ferrellgas committed three violations of 49 CFR Part 192 (Items 2 – 4), proposed ordering Respondent to take certain measures to correct the alleged violations and proposed a civil penalty of \$26,000. One probable violation (Item 1) was brought as a warning, advising the operator to correct the probable violation or face potential future enforcement action.

Ferrellgas responded to the Notice by letter dated July 31, 2024 (Response). Respondent contested several of the alleged violations, the proposed civil penalty, and the proposed compliance order, and requested a hearing. Ferrellgas also requested to meet informally with PHMSA to discuss the matters raised in its Response. Respondent submitted an additional response on November 11, 2024.

PHMSA and Respondent (the Parties) met to discuss the issues raised in the Response. The Parties have agreed to a Consent Agreement by which PHMSA makes findings of violations for Items 3 and 4 as alleged in the Notice, PHMSA reconsiders certain other items, Respondent will pay a reduced civil penalty in the amount of **\$7,400**, and Respondent will complete certain compliance actions.

Having agreed that settlement of this proceeding will avoid further administrative proceedings or litigation and will serve the public interest by promoting safety and protection of the environment, pursuant to 49 U.S.C. § 60101, *et seq.* and 49 CFR Part 190, and upon consent and agreement, the Parties hereby agree as follows:

I. General Provisions

1. Respondent acknowledges that as the operator of the pipeline facilities subject to the Notice, Respondent and its referenced pipeline facilities are subject to the jurisdiction of the Federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations and administrative orders issued thereunder. For purposes of this Consent Agreement (Agreement), Respondent acknowledges that it received proper notice of PHMSA's action in this proceeding and that the Notice states claims upon which relief may be granted pursuant to 49 U.S.C. § 60101, *et seq.*, and the regulations and orders issued thereunder.

2. After Respondent returns this signed Agreement to PHMSA, the Agency's representative will present it to the Associate Administrator for Pipeline Safety, recommending that the Associate Administrator adopt the terms of this Agreement by issuing an administrative order (Consent Order) incorporating the terms of this Agreement. The terms of this Agreement constitute an offer of settlement until accepted by the Associate Administrator. Once accepted, the Associate Administrator will issue a Consent Order incorporating the terms of this Agreement.

3. Upon the Effective Date of this Agreement, Respondent consents to the issuance of the Consent Order and waives any further procedural requirements with respect to its issuance. Upon the Effective Date of this Agreement, Respondent agrees to waive all rights to contest the adequacy of notice, or the validity of the Consent Order or this Agreement, including all rights to administrative or judicial hearings or appeals, except for the Dispute Resolution provisions set forth herein. Upon the Effective Date of this Agreement, Respondent agrees to withdraw its request for an administrative hearing regarding the Notice.

4. This Agreement shall apply to and be binding upon PHMSA and Respondent, its officers, directors, and employees, and its successors, assigns, or other entities or persons otherwise bound by law. Respondent agrees to provide a copy of this Agreement and any incorporated work plans and schedules to all of Respondent's officers, employees, and agents whose duties might reasonably include compliance with this Agreement.

5. This Agreement constitutes the final, complete and exclusive agreement and understanding between the Parties with respect to the settlement embodied in this Agreement. The Parties acknowledge that there are no representations, agreements or understandings relating to settlement other than those expressly contained in this Agreement, except that the terms of this Agreement may be construed by reference to the Notice.

6. Except as set forth herein, nothing in this Agreement affects or relieves Respondent of its responsibility to comply with all applicable requirements of the Federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations and orders issued thereunder. Nothing in this Agreement alters PHMSA's right of access, entry, inspection, and

information gathering or PHMSA's authority to bring enforcement actions against Respondent pursuant to the Federal pipeline safety laws, the regulations and orders issued thereunder, or any other provision of Federal or State law.

7. For all transfers of ownership or operating responsibility of Respondent's pipeline system referenced herein, Respondent will provide a copy of this Agreement to the prospective transferee at least 30 days prior to such transfer. Respondent will provide written notice of the transfer to the Director no later than 60 days after the transfer occurs.

8. This Agreement does not waive or modify any Federal, State, or local laws or regulations that are applicable to Respondent's pipeline systems. This Agreement is not a permit, or a modification of any permit, under any Federal, State, or local laws or regulations. Respondent remains responsible for achieving and maintaining compliance with all applicable Federal, State, and local laws, regulations and permits.

9. This Agreement does not create rights in, or grant any cause of action to, any third party not party to this Agreement. The U.S. Department of Transportation is not liable for any injuries or damages to persons or property arising from acts or omissions of Respondent or its officers, employees, or agents carrying out the work required by this Agreement. The U. S. Department of Transportation, its officers, employees, agents, and representatives shall not be liable for any cause of action arising from any acts or omissions of Respondent or its contractors in carrying out any work required by this Agreement.

10. This Agreement does not constitute a finding of violation of any other federal law or regulation and may not be used in any civil proceeding of any kind as evidence or proof of any fact, fault or liability, or as evidence of a violation of any law, rule, regulation, or requirement, except in a proceeding to enforce the provisions of this Agreement or for the purpose of calculating civil penalties for future violations that may occur within five years of the Effective Date.

11. Respondent does not admit or deny any of the allegations in the Notice but agrees, for purposes of this Agreement, to complete the actions specified in Sections IV, V, and VI of this Agreement and to abide by the terms of this Agreement. The agreements, statements, stipulations, findings and actions described herein are made for the purpose of settling this matter and they shall not be used for any purpose or be pursued by any person, other than any future enforcement proceeding brought by PHMSA related to this Agreement or for the purpose of calculating civil penalties for future violations that may occur within five years of the Effective Date.

II. Findings of Violation:

12. ***Item 3 - 49 CFR § 192.807(b):*** The Notice alleged Ferrellgas failed to retain an individual's plastic joining qualification record for the required five-year period. PHMSA finds a violation of 49 CFR § 192.807(b).

13. ***Item 4 - 49 CFR § 192.1007(f):*** The Notice alleged Ferrellgas failed to determine an appropriate time-period for conducting a periodic evaluation of its integrity management plan

and failed to conduct a complete program re-evaluation within the required five-year period. PHMSA finds a violation of 49 CFR § 192.1007(f).

14. Item 3 and 4 will be considered by PHMSA as prior offenses in any future PHMSA enforcement action taken against Respondent for the purposes of calculating civil penalties for future violations that may occur within five years of the Effective Date.

III. Warning Item:

15. *Item 1 - 49 CFR § 192.11(b)*: The Notice alleged that Ferrellgas failed to ensure that two container nameplates at the Heritage Lake System comported with NFPA-58 (incorporated by reference, *see* § 192.7), specifically NFPA 58 § 5.2.8.32(B). This Item was brought as a warning Item and does not constitute a finding of violation.

IV. Notice of Amendment:

16. *Item 2 - 49 CFR § 192.723(b)*: The Notice alleged that Ferrellgas failed to have a leakage control program of a type and scope that was determined by the nature of operations, specifically operating subsurface petroleum gas pipelines. Following discussion, the Parties agree that this Item should be a Notice of Amendment item, which will not constitute a finding of violation for any purpose.

17. With respect to this Item, Respondent agrees to amend its procedures to carry out a dual track leakage survey testing program on all six of its jurisdictional systems. Ferrellgas shall carry out the dual track testing program by performing its leakage surveys first using (a) a hydrogen flame ionization (“FI”) gas detector, coupled with pinpointing and grading with a Combustible Gas Indicator (“CGI”) (“Current Methodology”) and then (b) CGI with barholes at intervals of 20 feet or less across the system (“CGI Barhole Methodology”). The CGI Barhole Methodology shall be performed following, as applicable to Ferrellgas’ systems, the methodology described in ANSI GPTC 2380.1 2022, The Guide for Gas Transmission, Distribution, and Gathering Pipeline Systems, Guide material Appendix G 192 11A, section 4.4(a). Respondent shall continue this dual track testing program until two underground leaks are detected by the CGI Barhole Methodology. Both methods must follow Ferrellgas procedures, be conducted by qualified individuals, and use calibrated and tested detection instruments.

18. Within **90** days of detecting the second underground leak, Ferrellgas shall compare the methods and resulting data from the dual track testing program. If the Current Methodology had the same results as the CGI Barhole Methodology, demonstrating that both methods are equally capable of detecting leaks, Ferrellgas may stop the dual track testing program and revert to using the Current Methodology. If the data shows that the CGI Barhole Methodology identified leaks that were undetected by the Current Methodology, Ferrellgas shall amend its operating procedures, within **90** days of the data comparison, to use the CGI Barhole Methodology for its leakage surveys. Alternatively, at any time Ferrellgas may voluntarily elect to cease the dual track testing program and only perform the CGI Barhole Methodology and will notify PHMSA of its decision to do so within **90** days of the decision.

19. Until the completion of the process described in paragraphs 17 and 18 above, Respondent must provide bi-annual updates, every six months from the Effective Date of this Agreement, of its progress to the Director, PHMSA Central Region, Office of Pipeline Safety. Within **90** days of the completion of the process described in paragraphs 17 and 18 above, Ferrellgas must notify the Director of the results, and provide a copy of the data comparison described in paragraph 17 above and a copy of any amended procedures for review.

V. Civil Penalty:

20. *Item 3:* The Notice proposed assessing a civil penalty in the amount of \$26,000 for Item 3. Respondent requested a reduction of the proposed civil penalty. PHMSA agrees that a reduction to the proposed civil penalty is appropriate based on reconsideration of the “Good Faith” criteria. Based on additional information received from Respondent during informal discussion, Ferrellgas had a reasonable justification for its non-compliance. Respondent agrees to pay a reduced civil penalty in the amount of **\$7,400** for the violation in Item 3.

21. Respondent will pay a total reduced civil penalty in the amount of **\$7,400**, pursuant to the payment instructions at 49 CFR § 190.227(a), to be paid in full no later than 20 days from the Effective Date of this Agreement.

VI. Compliance Order:

22. *Item 3:* The Notice did not propose a compliance order to address the non-compliance alleged in Item 3. However, as a product of the informal consultations, the Parties agree that Ferrellgas will amend its operating procedures to require an annual audit of its Operator Qualification (OQ) records to ensure they are retained pursuant to the requirements of § 192.807(b). As such, Respondent agrees to undertake the following corrective measure:

Ferrellgas must amend its operating procedures to require an annual audit of its OQ records to ensure they are retained pursuant to the requirements of § 192.807(b), and provide documentation of the amendment to the Director, PHMSA Central Region, Office of Pipeline Safety, within **60** days of receipt of the Effective Date of this Agreement.

23. *Item 4:* The Notice proposed certain compliance order actions to address the non-compliance alleged in Item 4. Respondent did not contest the Proposed Compliance Order but requested additional time to carry out the proposed actions. The Parties agree that the request is reasonable and appropriate. As such, Respondent agrees to perform the following corrective measures:

Ferrellgas must re-evaluate its distribution integrity management program (DIMP) as required by § 192.1007(f) and provide the documentation to the Director, PHMSA Central Region, Office of Pipeline Safety, within **90** days of receipt of the Effective Date of this Agreement.

VII. Enforcement:

24. This Agreement is subject to all enforcement authorities available to PHMSA under 49 U.S.C. § 60101, *et seq.*, and 49 CFR Part 190, including administrative civil penalties under 49 U.S.C. § 60122, of up to \$272,926 per violation for each day the violation continues and referral of the case to the Attorney General for judicial enforcement, if PHMSA determines that Respondent is not complying with the terms of this Agreement in accordance with the determinations made by the Director, or in accordance with decisions of the Associate Administrator if resolved pursuant to the Dispute Resolution process herein. The maximum civil penalty amounts are adjusted annually for inflation. *See* 49 CFR § 190.223. All work plans and associated schedules set forth or referenced in Section VI (Compliance Order) are automatically incorporated into this Agreement and are enforceable in the same manner.

VIII. Dispute Resolution:

25. The Director and Respondent will informally attempt to resolve any disputes arising under this Agreement, including, but not limited to, any decision of the Director under the terms of Sections VI (Compliance Order). If Respondent and the Director are unable to informally resolve the dispute within 15 calendar days after the dispute is first raised, in writing, to the Director, Respondent may submit a written request for a determination resolving the dispute from the Associate Administrator. Such request must be made in writing and provided to the Director, counsel for the Central Region, and to the Associate Administrator, no later than 10 calendar days from the 15-day deadline for informal resolution referenced in this paragraph. Along with its request, Respondent must provide the Associate Administrator with all information Respondent believes is relevant to the dispute. Decisions of the Associate Administrator under this paragraph will constitute final agency action subject to judicial review pursuant to 49 U.S.C. § 60119. The existence of a dispute and PHMSA's consideration of matters placed in dispute will not excuse, toll, or suspend any term or timeframe for completion of any work to be performed under this Agreement during the pendency of the dispute resolution process. However, PHMSA will grant reasonable extensions upon written request by Respondent.

IX. Effective Date:

26. The term "Effective Date," as used herein, is the date on which the Consent Order is issued by the Associate Administrator incorporating the terms of this Agreement.

X. Recordkeeping and Information Disclosure:

27. Unless otherwise required in this Agreement, Respondent agrees to maintain records demonstrating compliance with all requirements of this Agreement for a period of at least five (5) years following completion of all work to be performed, unless a longer period of time is required pursuant to 49 CFR parts 190-199. For any reports, plans, or other deliverables required to be submitted to PHMSA pursuant to this Agreement, Respondent may assert a claim of business confidentiality or other protections applicable to the release of information by PHMSA, covering part or all of the information required to be submitted to PHMSA pursuant to this Agreement in accordance with 49 CFR Part 7. Respondent must mark the claim of

confidentiality in writing on each page, and include a statement specifying the grounds for each claim of confidentiality. PHMSA determines release of any information submitted pursuant to this Agreement in accordance with 49 CFR Part 7, the Freedom of Information Act, 5 U.S.C. § 552, DOT and PHMSA policies, and other applicable regulations and Executive Orders.

XI. Modification:

28. The terms of this Agreement may be modified by mutual agreement of the Parties. Such modifications must be in writing and signed by both parties.

XII. Termination:

29. This Agreement will remain in effect until the Civil Penalty in Section V is paid in full, and the Compliance Order in Section VI and the actions specified in Section IV are satisfied, as determined by the Director, PHMSA Central Region, Office of Pipeline Safety, and confirmed in writing. Nothing in this Agreement prevents Respondent from completing any of the obligations earlier than the deadlines provided for in this Agreement.

XIII. Ratification:

30. The Parties' undersigned representatives certify that they are fully authorized to enter into the terms and conditions of this Agreement and to execute and legally bind such party to this document.

31. The Parties hereby agree to all findings, conditions, and terms of this Agreement.

[Signature Lines on Following Page]

For Ferrellgas, L.P.:

Date

For PHMSA:

Director, PHMSA Central Region, Office of Pipeline Safety