

January 10, 2025

Mr. Gregory A. Ochs
Director, Central Region OPS
Pipeline and Hazardous Materials Safety Administration
901 Locust Street, Suite 480
Kansas City, MO
64106

Re: Aux Sable Liquid Products' (ASLP) CPF 3-2024-053-NOPV

Dear Mr. Ochs,

Aux Sable Liquid Products' (ASLP) values the partnership it has with the Pipeline and Hazardous Material Safety Administration (PHMSA) in assuring public safety and regulatory compliance. Alliance continues to maintain plans, procedures, and standards that meet or exceed PHMSA regulations while maintaining a safety culture that proactively promotes and recognizes operational compliance as a top priority.

This letter is confirming the receipt of the "Notice of Probable Violations" regarding apparent inadequacies found by PHMSA representatives within the Aux Sable plans and/or procedures during the inspection of procedures and records in Morris, Illinois from July 18 through August 12, 2022. Aux Sable appreciates PHMSA's efforts during the audit and the valuable input regarding areas to improve our plans and procedures. We find this process useful to further refining our Pipeline Safety Programs.

Regarding NOPV #1 – § 195.452 Pipeline integrity management in high consequence areas.

ASLP failed to complete the continual evaluation to assure pipeline integrity on all of its pipelines, which includes pipeline facilities as required by 195.452(j)(2). ASLP considered its entire liquid pipeline system to be capable of affecting High Consequence Areas (HCAs). As a result, the requirement for conducting analytical reviews and integration of all available information affecting the likelihood and consequences of a possible failure along the pipeline applied to all of ASLP's pipeline, to include pipeline facilities. However, it was determined during PHMSA's inspection that the application of the Risk Identification and Assessment (also typically known as Risk or Information Analysis) in the continual evaluation of facilities piping integrity was not adequately conducted subsequent to ASLP's transition to Pembina's approach for Facilities Threat and Risk Assessment and Data Integration on June 13, 2021. Under Pembina's approach, the continual evaluation and assessment process included the development and implementation of effective inspection plans where facilities piping is broken down into piping systems and circuits and inspected in line with the API RP 570 "Piping Inspection Code" and API RP 574 "Inspection Practices for Piping System Components." These inspection plans were still under development since the transition to Pembina's approach, and not fully established at the time of PHMSA inspection. Consequently, there was no associated documentation to indicate that all necessary



Facility Integrity Management Program continual evaluations and risk assessments had been completed to assure pipeline system integrity.

- 1) Aux Sable is not contesting the Notice of Probable Volition or proposed Compliance Order.
- 2) ASLP will submit a plan to the Region Director for approval within 60 days of receipt of the Final Order.
 - a. The Plan will contain a list of all current ASLP facilities, the timing for evaluation, assessment, and associated actions.
- 3) Once the Regional Director approves the plan, ASLP will complete the assessments per the approved plan and submit quarterly reports until completion of the plan.
- 4) ASLP will complete all our facility integrity evaluations, threat and risk assessments, and data integration in accordance with Pembina's United States Facility Integrity Management Program Document (FIMP-US) and implement any required actions as soon as practicable.

If you need further information or clarification regarding this matter, please contact Bob Bachmeier at (701) 394-9722 (office) or (701) 509-1626 (cell).

Sincerely,

A handwritten signature in black ink that reads "Bob Bachmeier".

Bob Bachmeier
Manager, Regulatory and Environment, U.S. Operations
Pembina Pipeline Corporation
BBachmeier@Pembina.com

CC:

Sara Schwann, Vice President, Technical Services
Eric Ducherer, Director Asset Integrity
Heather Christie-Burns, Vice President, Transmission Pipelines
Ian Hunt, Director, Operations
Scott Seibert, Director, Environment and Regulatory
Jeff Finch, Sr. Advisor, Regulatory Pembina US