



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety**

901 Locust Street, Suite 480
Kansas City, MO 64106

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

VIA ELECTRONIC MAIL TO: matt@tallgrass.com; crystal.heter@tallgrass.com;
Danielle.stephens@tallgrass.com

August 23, 2024

Matt Sheehy
President & Chief Executive Officer
Tallgrass Energy, LP
370 Van Gordon Street
Lakewood, CO 80228

CPF 3-2024-054-NOPV

Dear Mr. Sheehy:

From February 2, 2023, to January 25, 2024, 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.), performed an on-site inspection of East Cheyenne Gas Storage, LLC (ECGS), in Logan County, Colorado. ECGS is a subsidiary of Tallgrass Energy, LP.

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

1. **§ 192.481 - Atmospheric corrosion control: Monitoring.**
 - (a)
 - (b) **During inspections the operator must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.**

ECGS failed to inspect above ground pipe for atmospheric corrosion, per the requirements of § 192.481(b). During the on-site inspection, PHMSA found that the East Cheyenne compressor station's above ground pipe was covered in thermal insulation preventing inspection of the pipe's atmospheric corrosion condition beneath it. The thermal insulation also prevented inspection of

the condition of pipe supports. PHMSA found that the insulation did not have observation ports, and ECGS had not removed the insulation or inspected the pipe surface for corrosion. ECGS failed to give particular attention to the areas covered by insulation and is, therefore, in violation of § 192.481(b).

2. § 192.745 - Valve maintenance: Transmission lines.

(a) Each transmission line valve that might be required during any emergency must be inspected and partially operated at intervals not exceeding 15 months, but at least once each calendar year.

ECGS failed to inspect and partially operate each transmission line valve that might be required during an emergency at the proper frequency at the appropriate inspection interval, per the requirements of § 192.745(a). Specifically, PHMSA reviewed records of valve inspections which showed four emergency valves were not inspected or partially operated in the 2022 calendar year. On Feb 21, 2023, upon learning the valves were jurisdictional, ECGS serviced and operated the four emergency valves SDV-1601 through 1604. Thus, no further action is required.

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 the ECGS. 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

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 3-2024-054-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: Crystal Heter, Chief Operating Officer, crystal.heter@tallgrass.com
Danielle Stephens, Director, PHMSA Compliance, Danielle.stephens@tallgrass.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 ECGS a Compliance Order incorporating the following remedial requirements to ensure the compliance of ECGS with the pipeline safety regulations:

- A. In regard to Item 1 of the Notice, pertaining to its failure to inspect pipe under thermal insulation and at pipe supports, ECGS must remove or modify its thermal insulation with observation ports and perform an atmospheric inspection of the pipe surface and pipe supports within **180** days of receipt of the Final Order. ECGS must update Central Region every 90 days after the Final Order issued, until the work is completed.
- B. It is requested that ECGS 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.