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

1200 New Jersey Avenue, SE
Washington, DC 20590

September 26, 2025

VIA ELECTRONIC MAIL TO: kevin.ruffatto@enbridge.com

Mr. Kevin Ruffatto
Vice President of United States Operations
Express Holdings (U.S.A.), LLC
915 North Eldridge Parkway, Suite 1100
Houston, Texas 77079

Re: CPF No. 3-2024-056-NOPV

Dear Mr. Ruffatto:

Enclosed please find the Final Order issued in the above-referenced case. It withdraws one of the allegations of violation, makes other findings of violation, assesses a civil penalty of $114,600, and specifies actions that need to be taken by Express Holdings (U.S.A.), LLC to comply with the pipeline safety regulations. The penalty payment terms are set forth in the Final Order. When the civil penalty has been paid and the terms of the compliance order completed, as determined by the Director, Central Region, this enforcement action will be closed. Service of the Final Order by e-mail is effective upon the date of transmission and acknowledgement of receipt as provided under 49 CFR § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

LINDA GAIL DAUGHERTY
Digitally signed by LINDA GAIL DAUGHERTY
Date: 2025.09.24 18:37:24 -04'00'

Linda Daugherty
Acting Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. David Barrett, Acting Director, Central Region, Office of Pipeline Safety, PHMSA
Mr. Eric Anderson, Senior Compliance Advisor, Audits and Inspections, U.S. Pipeline Compliance, Express Holdings (U.S.A.), LLC, eric.anderson@enbridge.com
Mr. Jeff Cremin, Manager, U.S. Liquid Pipeline Compliance, Enbridge, jeffrey.cremin@enbridge.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	)	
	)	
Express Holdings (U.S.A.), LLC, a subsidiary of Enbridge, Inc.	)	**CPF No. 3-2024-056-NOPV**
	)	
Respondent.	)	

FINAL ORDER

From February 13 through July 27, 2023, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of Express Holdings (U.S.A.), LLC (Express Holdings or Respondent), a subsidiary of Enbridge, Inc. (Enbridge) in Duluth, Minnesota and Buffalo, Montana.

As a result of the inspection, the Director, Central Region, OPS (Director), issued to Respondent, by letter dated October 25, 2024, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice). In accordance with 49 CFR § 190.207, the Notice proposed finding that Express Holdings had committed five violations of 49 CFR Part 195 and proposed assessing a civil penalty of $114,600 for the alleged violations. The Notice also proposed ordering Respondent to take certain measures to correct the alleged violations.

Enbridge responded to the Notice on behalf of Express Holdings by letter dated November 25, 2024 (Response). In its Response, Enbridge contested one of the allegations of violation, offered additional information in response to the Notice, and requested that the proposed compliance order be modified. On May 5, 2025, Enbridge submitted a Supplemental Response, where it argued the proposed civil penalty should be reduced or eliminated. Respondent did not request a hearing and therefore has waived its right to one.

FINDINGS OF VIOLATION

The Notice alleged that Respondent violated 49 CFR Part 195, as follows:

Item 1: The Notice alleged that Respondent violated 49 CFR § 195.264(b)(1)(i), which states:

> **§ 195.264 Impoundment, protection against entry, normal/emergency venting or pressure/vacuum relief for aboveground breakout tanks.**
> (a) …
> (b) After October 2, 2000, compliance with paragraph (a) of this section requires the following for aboveground breakout tanks specified:
> (1) For tanks built to API Spec 12F, API Std 620, and others (such as API Std 650 (or its predecessor Standard 12C)), the installation of impoundment must be in accordance with the following sections of NFPA-30 (incorporated by reference, *see* § 195.3);
> (i) Impoundment around a breakout tank must be installed in accordance with section 22.11.2;

The Notice alleged that Respondent violated 49 CFR § 195.264(b)(1)(i) by failing to install impoundment around a breakout tank in accordance with section 22.11.2 of NFPA-30, as required. Specifically, the Notice alleged that during the PHMSA inspection, PHMSA observed that three of Respondent's breakout tanks (tanks 208, 209, and 210) at the Buffalo Tank Farm in Buffalo, Montana did not have subdivided tank impoundment, drainage channels, or intermediate dikes installed between tanks. NFPA-30, section 22.11.2.6 requires that diked areas be subdivided in areas containing two or more breakout tanks. This is to prevent spills from one tank endangering other tanks in the same diked area.

Enbridge, responding for Express Holdings, stated in its Response that it did not contest this allegation in the Notice.

Accordingly, after considering all the evidence, I find that Respondent violated 49 CFR § 195.264(b)(1)(i) by failing to follow the requirements of NFPA-30, section 22.11.2 regarding the impoundment of breakout tanks 208, 209, and 210 at the Buffalo Tank Farm.

Item 2: The Notice alleged that Respondent violated 49 CFR § 195.505(a), which states:

> **§ 195.505 Qualification Program**
> Each operator shall have and follow a written qualification program. The program shall include provisions to:
> (a) Identify cover tasks.

The Notice alleged that Respondent violated 49 CFR § 195.505(a) by failing to identify the covered task of performing a shutdown of a liquid pipeline in the field, as required. The Notice alleged a review of the Enbridge procedures Express Holdings followed, including Appendix C of Enbridge Liquids Pipelines Operator Qualification Plan, revealed that it only included a control center shutdown of a liquid pipeline a covered task, not a shutdown in the field.

Enbridge, responding for Express Holdings, contested this Item in its Response, stating that it agreed this specific task was a covered task, and provided information to demonstrate that its personnel were adequately trained and qualified to perform it prior to the inspection. In the Response, Enbridge asserted that it had already identified shutting down a liquid pipeline in the field as a covered task to be added to its Qualification Plan prior to the inspection. Further, it maintained that that it had already made steps to amend the Qualification Plan accordingly, at the time of the inspection. In the Response, Enbridge also included a copy of its task "Perform Shutdown of a Liquid Pipeline (Field)," which it fully implemented on November 21, 2023.

In a recommendation for final action submitted pursuant to § 190.209(b)(7), the Director, Central Region, recommended withdrawing the alleged violation of § 195.505(a) stating that the new evidence provided in the Response adequately demonstrated that prior to the inspection Express Holdings had identified the covered task of performing a shutdown of a liquid pipeline in the field in its Qualification Plan and had trained its field personnel in that task.

Based upon the foregoing, I hereby order that the Item be withdrawn.

Item 3: The Notice alleged that Respondent violated 49 CFR § 195.563(a), which states:

> **§ 195.563 Which pipelines must have cathodic protection?**
> (a) Each buried or submerged pipeline that is constructed, relocated replaced, or otherwise changed after the applicable date in § 195.401(c) must have cathodic protection. The cathodic protection must be in operation not later than 1 year after the pipeline is constructed, relocated, replaced, or otherwise changed, as applicable.

The Notice alleged that Respondent violated 49 CFR § 195.563(a) by failing to ensure that its buried pipelines that were constructed after March 31, 1970 were cathodically protected.[1] Specifically, the Notice alleged that the steel pipeline segments from the Faulkners, Lost Cabin, Warren, Fish Creek, and Banjo pump stations to the fiberglass overflow sump tanks were not cathodically protected, even though the pump stations were constructed in 1996 and 2005. Further, the Notice stated that Express Holdings acknowledged in a response to PHMSA's preliminary 90-day report that the pipeline segments had been incorrectly identified as fiberglass piping but upon review of its records, were actually coated steel. Respondent asserted that it had both corrected the information in its records and scheduled the installation of a magnesium anode for cathodic protection.

Enbridge, responding for Express Holdings, stated in its Response that it did not contest this allegation in the Notice.

Accordingly, after considering all of the evidence, I find that Respondent violated 49 CFR § 195.563(a) by failing to ensure its buried steel pipelines that were constructed after March 31, 1970 had cathodic protection.

Item 4: The Notice alleged that Respondent violated 49 CFR § 195.573(a)(1), which states:

> **§ 195.573 What must I do to monitor external corrosion control?**
> (a) *Protected pipelines.* You must do the following to determine whether cathodic protection required by the subpart complies with

[1] *See* 49 CFR § 195.401(c)(1).

> § 195.571:
> (1) Conduct tests on the protected pipeline at least once each calendar year, but with intervals not exceeding 15 months. However, if tests at those intervals are impractical for separately protected short sections of bare or ineffectively coated pipelines, testing may be done at least once every 3 calendar years, but with intervals not exceeding 39 months.

The Notice alleged that Respondent violated 49 CFR § 195.573(a)(1) by failing to conduct tests on protected pipelines to determine whether the cathodic protection complies with § 195.571 at least once each calendar year, at intervals that do not exceed 15 months. Specifically, the Notice alleged that a review of the operator's records revealed that Express Holdings failed to conduct the required testing at the proper interval for 382 separate instances during the calendar years of 2021 and 2022. In addition to those instances, the Notice also alleged that there were three test points on Line 40 that could not be physically located and therefore were skipped by the surveyor during the calendar year of 2020, and that breakout Tank 203 24-inch inlet pipe was not tested during the calendar year of 2021.

Enbridge, responding for Express Holdings, stated in its Response that it did not contest this allegation in the Notice.

Accordingly, after considering all the evidence, I find that Respondent violated 49 CFR § 195.573(a)(1) by failing to conduct tests on its protected pipelines to determine if the cathodic protection complies with § 195.571 at least once every calendar year at intervals not to exceed 15 months.

Item 5: The Notice alleged that Respondent violated 49 CFR § 195.573(e), which states:

> **§ 195.573 What must I do to monitor external corrosion control?**
> (a) …
> (e) *Corrective action.* You must correct any identified deficiency in corrosion control as required by § 195.401(b). However, if the deficiency involves a pipeline in an integrity management program under § 195.452, you much correct the deficiency as required by § 195.452(h).

The Notice alleged that Respondent violated 49 CFR § 195.573(e) by failing to correct identified deficiencies in its corrosion control as required by § 195.401(b). Section 195.401(b)(1) states in part that "[w]henever an operator discovers any condition that could adversely affect the safe operation of its pipeline, it must correct the condition in a reasonable time." Further, Express Holdings, following Enbridge's procedures, required that once discovered, a corrosion control deficiency must be corrected within 15 months from the date of discovery. The Notice alleged that in seven separate instances, a review of the operator's records revealed that Express Holdings had failed to correct identified corrosion control deficiencies within 15 months from the dates of their discovery.

Enbridge, responding for Express Holdings, stated in its Response that it did not contest this allegation in the Notice.

Accordingly, after considering all the evidence, I find that Respondent violated 49 CFR § 195.573(e) by failing to timely correct identified deficiencies in its corrosion control.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty exceeding $200,000 per violation for each day of the violation, with a maximum administrative civil penalty exceeding $2,000,000 for any related series of violations.[2]

In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 CFR § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; any effect that the penalty may have on its ability to continue doing business; the good faith of Respondent in attempting to comply with the pipeline safety regulations; and self-disclosure or actions to correct a violation prior to discovery by PHMSA. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require.

The Notice proposed a total civil penalty of $114,600 for the violations cited above. Effective May 20, 2025 PHMSA revised its proposed civil penalty calculation policy and now uses the version of the Civil Penalty Worksheet which was in effect on the date the alleged violation ended or the last date of the onsite inspection, whichever is earlier. This change did not affect the proposed civil penalty for any of the Items in the Notice.[3]

In its Response, Enbridge neither contested the underlying violations of Items 1, 4, and 5 nor presented any evidence or argument justifying a reduction of the civil penalties for these Items. Accordingly, Enbridge waived its opportunity to contest the proposed penalty amounts.

In a Supplemental Response submitted over five months later, Enbridge argued the proposed penalty should be reduced or waived on the basis that PHMSA had not provided a detailed methodology of how the penalty was calculated. Enbridge further contended that based on its safety culture and ongoing efforts to comply with the pipeline safety regulations, the civil penalty should be reduced or eliminated. Having already waived its opportunity to contest the penalty, I find the Supplemental Response was untimely, per 49 CFR § 190.208. Further, as discussed in more detail below, after reviewing the record, I find the proposed penalty amount is supported by the above-referenced assessment criteria and evidence in the record.[4]

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[2] These amounts are adjusted annually for inflation. *See* 49 CFR § 190.223 for adjusted amounts.

[3] Letter from Acting Director, Central Region, to Express Holdings (U.S.A.), LLC dated June 18, 2025.

[4] The Notice included the legal citations that establish the assessment criteria used by PHMSA to calculate the penalty. PHMSA also makes available in all proceedings a detailed calculation worksheet, which may be requested

Item 1: The Notice proposed a civil penalty of $37,200 for Respondent's violation of 49 CFR § 195.264(b)(1)(i), for failing to satisfy the requirements of NFPA-30, section 22.11.2 regarding the impoundment area around breakout tanks.

With respect to the gravity of the violation, the Pipeline Safety Violation Report (Violation Report) in Part E6 indicated that pipeline safety was minimally affected. Therefore, the penalty calculation appropriately reflected that the violation did not constitute a significant safety concern. As indicated in the Violation Report Part E5, PHMSA discovered the violation, it was not self-disclosed by Enbridge. In Part E7, Respondent did not receive a possible culpability credit because Enbridge did not take actions to correct the violation before PHMSA learned of the violation.[5] For these reasons, I find the proposed civil penalty is supported by the facts in the record. Having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of $37,200 for violation of 49 CFR § 195.264(b)(1)(i).

Item 4: The Notice proposed a civil penalty of $41,700 for Respondent's violation of 49 CFR § 195.573(a)(1), for failing to conduct tests to monitor the adequacy of the cathodic protection on its protected pipelines at least once each calendar year at intervals that did not exceed 15 months.

With respect to the gravity of the violation, the Violation Report in Part E6 indicated that pipeline safety was minimally affected; therefore, the penalty calculation appropriately reflected that the violation did not constitute a significant safety concern. As indicated in the Violation Report Part E5, PHMSA discovered the violation, it was not self-disclosed by Enbridge. In Part E7, the Violation Report correctly noted Enbridge did not take actions to correct the violation before PHMSA learned of the violation. For these reasons, I find the proposed civil penalty is supported by the facts in the record. Having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of $41,700 for violation of 49 CFR § 195.573(a)(1).

Item 5: The Notice proposed a civil penalty of $35,700 for Respondent's violation of 49 CFR § 195.573(e), for failing to timely correct identified deficiencies in corrosion control as required by § 195.401(b).

With respect to the gravity of the violation, the Violation Report in Part E6 indicated that pipeline safety was minimally affected; therefore, the penalty calculation appropriately reflected that the violation did not constitute a significant safety concern. As indicated in Part E5, PHMSA discovered the violation, it was not self-disclosed by Enbridge. Part E7 correctly noted Enbridge did not take actions to correct the violation before PHMSA learned of the violation. For these reasons, I find the proposed civil penalty is supported by the facts in the record. Having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of $35,700

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by a respondent along with other records as provided by 49 U.S.C. § 60117(b)(1)(C) and 49 CFR § 190.209. Enbridge never requested these materials. Notwithstanding, Central Region produced the case file, including the penalty calculation worksheet, after receiving the Supplemental Response.

[5] *See In the Matter of Oasis Midstream Partners LP, a General Partner of Oasis Petroleum Inc.*, Final Order 3-2019-5020, 2020 WL 6870720 at 7 (August 19, 2020) ("While Oasis is to be commended for improving its internal processes to ensure compliance with the pipeline safety regulations, such post-inspection activities do not warrant the withdrawal of, or a reduction in, a proposed civil penalty.")

for violation of 49 CFR § 195.573(e).

In summary, having reviewed the record and considered the assessment criteria for each of the Items cited above, I assess Respondent a total civil penalty of **$114,600.**

Payment of the civil penalty must be made within 20 days after receipt of this Final Order. Federal regulations (49 CFR § 89.21(b)(3)) require such payment to be made by wire transfer through the Federal Reserve Communications System (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMK-325), Federal Aviation Administration, Mike Monroney Aeronautical Center, 6500 S MacArthur Blvd, Oklahoma City, Oklahoma 79169. The Financial Operations Division telephone number is (405) 954-8845.

Failure to pay the civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 CFR § 901.9 and 49 CFR § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in a district court of the United States.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 1, 2, and 3 in the Notice for violations of 49 CFR §§ 195.264(b)(1)(i), 195.505(a), and 195.563(a), respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. As discussed above, Item 2 has been withdrawn. Therefore, the compliance terms proposed in the Notice for that Item are not included in this Order.

With regard to the violation of § 195.563(a) (Item 3), Respondent requested the compliance deadline be modified to allow until June 30, 2025 for it to complete the proposed compliance terms for this Item, contending that since receipt of the Notice dated October 25, 2024, Enbridge had been actively engaged in testing and planning the remediation of the cited deficiencies in its cathodic protection system. The Director agreed with Respondent’s request and granted the extension in a letter dated February 6, 2025. Since the June 30, 2025 extension is now passed, it is not necessary to modify the terms of the Compliance Order.

Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 CFR § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 195.264(b)(1)(i) (**Item 1**), Respondent must:
   (i) Subdivide the tanks’ impoundment areas by constructing either drainage channels or intermediate dikes, in accordance with NFPA 30, at the Buffalo, Montana, facility within 12 months of receipt of the Final Order.

(ii) Submit to the Director evidence of remediated locations to demonstrate compliance with NFPA 30 within 12 months of the receipt of the Final Order.
(iii) Send an update to the Director every 90 days following receipt the Final Order regarding the progress of the impoundment construction.

2. With respect to the violation of § 195.563(a) (**Item 3**), Respondent must:
   (i) Design and install cathodic protection at the steel pipelines that connect to the fiberglass sump tanks at the Faulkners, Lost Cabin, Warren, Fish Creek, and Banjo and pump stations no later than 30 days after receipt of this Final Order.
   (ii) Submit to the Director evidence of remediated locations to demonstrate compliance with § 195.563(a) no later than 30 days after receipt of this Final Order.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

PHMSA requests that Respondent maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director. 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.

Failure to comply with this Order may result in the administrative assessment of civil penalties exceeding $200,000, as adjusted for inflation (*see* 49 CFR § 190.223 for adjusted amounts), for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

Under 49 CFR § 190.243, Respondent may submit a Petition for Reconsideration of this Final Order to the Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. The written petition must be received no later than 20 days after receipt of the Final Order by Respondent. Any petition submitted must contain a statement of the issue(s) and meet all other requirements of 49 CFR § 190.243. The filing of a petition automatically stays the payment of any civil penalty assessed. The other terms of the order, including corrective action, remain in effect unless the Associate Administrator, upon request, grants a stay. The terms and conditions of this Final Order are effective upon service in accordance with 49 CFR § 190.5.

LINDA GAIL DAUGHERTY
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Date: 2025.09.24 18:40:09 -04'00'

September 26, 2025

Linda Daugherty
Acting Associate Administrator
for Pipeline Safety

Date Issued