

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

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June 25, 2025

David Slater
President and Chief Executive Officer
Viking Gas Transmission Co.
500 Woodward Ave., Suite 2900
Detroit, Michigan 48226

CPF 3-2025-007-NOPV

Dear Mr. Slater:

From February 27 through October 16, 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 the Viking Gas Transmission Company (VGT) pipeline system located in the states of Wisconsin and North Dakota.

As a result of the inspection, it is alleged that VGT 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. § 191.22 National Registry of Operators.

(a)

(c) Changes. Each operator of a gas pipeline, gas pipeline facility, UNGSF, LNG plant, or LNG facility must notify PHMSA electronically through the National Registry of Operators at <https://portal.phmsa.dot.gov> of certain events.

(1) An operator must notify PHMSA of any of the following events not later than 60 days before the event occurs:

(i) Construction of any planned rehabilitation, replacement, modification, upgrade, uprate, or update of a facility, other than a section of line pipe, that costs \$10 million or more. If 60-day notice is not feasible because of an emergency, an operator must notify PHMSA as soon as practicable;

VGT failed to notify PHMSA not later than 60 days before construction of any update of a facility incurring expenses of \$10 million or more, per the requirements of § 191.22(c)(1)(i). VGT did not notify PHMSA of its Ada and Frazee compressor station projects until May 3, 2023. Construction began on these projects on September 19 and 29, 2022, respectively. VGT should have notified PHMSA not later than 60 days before September 19 and September 29, 2022. Therefore, VGT failed to timely notify PHMSA, per the requirements of § 191.22(c)(1)(i).

2. § 192.605 Procedural manual for operations, maintenance, and emergencies

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

VGT failed to follow its written procedure, “Natural Gas O&M Manual” (2023) (O&M Manual), for conducting operations and maintenance activities, per the requirements of § 192.605(a). Specifically, VGT’s procedures required VGT to ensure that the Safe Operating Pressure (SOP) of an anomaly does not drop below the Maximum Allowable Operating Pressure (MAOP). VGT failed to follow these procedures on the Frazee to Cushing segment.

Document number “COR2.400.6000”—a subsection of the Natural Gas O&M Manual—contained VGT’s Integrity Management Program (IM Program). VGT’s IM Program did not allow SOP of an anomaly to drop below MAOP. Within the IM Program, Procedure 63, “Data Integration” (DI), defined the elements for a growth analysis summary that is to be completed on each assessment. Form “M2210-1 Frazee 2210 to Cushing 2213 DI Form - 2012 / 2019” showed a “Multiple External Metal Loss” anomaly that, when the corrosion growth rate was applied, was predicted that the SOP would be 874 pounds per square inch gage (psig), which is less than the MAOP of 877 psig by the third year after the assessment. However, VGT did not take any subsequent actions, such as a reduction in MAOP, remediation, confirmatory digs or written documentation of VGT’s rationale of how additional measures or actions taken to ensure public safety.

Therefore, VGT failed to investigate and dig locations where the SOP would be less than MAOP prior to the next assessment, and failed to investigate and remediate a known anomaly, per the requirements of § 192.605(a) and VGT’s procedures.

3. § 192.907 What must an operator do to implement this subpart?

(a) General. No later than December 17, 2004, an operator of a covered pipeline segment must develop and follow a written integrity management program that contains all the elements described in § 192.911 and that addresses the risks on each covered transmission pipeline segment. The initial integrity management program must consist, at a minimum, of a framework that describes the process for implementing each program element, how relevant decisions will be made and by whom, a time line for completing the work to implement the program element, and how information gained from experience will be continuously incorporated into the program. The framework will evolve into a more detailed and comprehensive program. An operator must make continual improvements to the program.

VGT failed to follow its IMP for the Milaca Station 2217 to Osceola Station 2222 in-line-inspection (ILI) run in 2017, per the requirements of § 192.907(a). Specifically, VGT failed to follow its procedure entitled “NGP IMP Control Copy” (June 9, 2022, rev. 2) by failing to apply growth rates to certain anomalies after integrity assessments.

Section 9.1.7 of the IMP stated, “Additional Evaluation: Upon completion of required evaluation and repair, additional locations may be selected for evaluation. During Data Integration, additional analyses may be used to identify these locations: [1] Growth analysis as specified in Procedure 55: Growth Analysis; [2] Completed dig results and correlation.” Procedure 55, “Growth Analysis,” section 4.2, “Growth Analysis Process,” stated “[t]he calculated metal loss growth rate is then used to ‘grow’ the predicted anomaly to future years.”

As depicted in the table below, Table 1, for the 2017 ILI run, there were no growth rates utilized for dig F2 and F4 for a ten-year period. Furthermore, at the time of PHMSA 2023 inspection, as stated by VGT, no digs had been completed for this ILI run, and therefore VGT had not completed analysis of dig results and correlation. VGT supplied the latest DI form and the calculation Growth form for this section, and it documents the following:

Table 1

Dig #	Row Align	Feature ID	Odometer (ft)	Pipeline Feature	INT/ EXT	Current Year Depth (%)	Previous Inspection Depth (%)	WT	SMYS	Growth Rate (total)
M2217MO-17-F2	8330	40006046	260884.98	GROUP	Metal Loss External	42%	58%	0.344	52000	0%
M2217MO-17-F4	9711	40007142	313889.92	GROUP	Metal Loss External	43%	45%	0.281	65000	0%

Dig F2 and F4 show a previous inspection depth in 2010 that was greater than the depth identified by the 2017 ILI and had been assigned a zero-percent growth rate, despite not conducting digs to confirm depths since 2010. VGT did not provide any explanation of how this zero-percent growth rate was decided in its procedures or documentation in the DI form.

Per the Growth Analysis forms provided by VGT, the following are the instances of zero growth rates of anomalies per ILI runs:

Table 2

ILI Run	Growth Rate 0% # of Instances
M2217-1 24 for the Milaca Station 2217 to Osceola Station 2222 ILI run in 2017	437
M2207-1 Ada Sta 2207 to Frazee Sta 2210 ILI run in 2022	450
2019 M2210-1 Frazee to Cushing 2213 24in ILI run in 2019	1

In all of these instances, the application of a zero-percent growth rate was inappropriate as prescribed by ASME/ANSI B31.8S and referenced within VGT's Procedure 55. Therefore, VGT failed to address the corrosion growth for the actual anomalies, as described in their NGP IMP procedures and required by § 192.907(a).

4. § 192.907 What must an operator do to implement this subpart?

(a) General. No later than December 17, 2004, an operator of a covered pipeline segment must develop and follow a written integrity management program that contains all the elements described in § 192.911 and that addresses the risks on each covered transmission pipeline segment. The initial integrity management program must consist, at a minimum, of a framework that describes the process for implementing each program element, how relevant decisions will be made and by whom, a time line for completing the work to implement the program element, and how information gained from experience will be continuously incorporated into the program. The framework will evolve into a more detailed and comprehensive program. An operator must make continual improvements to the program.

VGT failed to follow its IMP, per the requirements of § 192.907(a). Specifically, VGT failed to follow its "NGP IMP Control Copy" (June 9, 2022, rev. 2), section 14, which required VGT to document supporting integrity assessments and repairs, supporting decisions, schedule of remediation and other details.

The following table, excerpted from VGT's Data Information (DI) Form, section 2.3.7, shows the list of areas where the growth analysis results exceed the documented threshold of 50 percent wall loss and where the SOP would be less than the Maximum Operating Pressure (MOP)¹ for each stated ILI run.

¹ MOP and MAOP, in this context, can be used interchangeably.

ILI Run	DI form Section 2.3.7	Status of Digs and next Assessment
M2217-1 24 for the Milaca Station 2217 to Osceola Station 2222 ILI run in 2017	Growth analysis results comparing 2017 to 2010 ILI results:	In Review by VGT since 2017 next inspection is in 2024
	2018: 1 predicted >50%	
	2019: 2 predicted >50%	
	2020: 3 predicted >50%; 1 predicted >MAOP	
	2021: 3 predicted >50%	
	2022: 8 predicted >50%	
M2207-1 Ada Sta 2207 to Frazee Sta 2210 ILI run in 2022	Growth analysis results comparing 2022 to 2015 ILI results:	In Review by VGT since 2022 next inspection is in 2029
	2023 - 0 defects predicted >50% and 2 defects predicted SOP<MOP	
	2024 - 0 defect predicted >50% and 0 defects predicted SOP<MOP	
	2025 - 2 defects predicted >50% and 1 defects predicted SOP<MOP	
	2026 - 3 defects predicted >50% and 0 defects predicted SOP<MOP	
	2027 - 13 defects predicted >50% and 2 defects predicted SOP<MOP	
2019 M2210-1 Frazee to Cushing 2213 24in ILI run in 2019	Growth analysis results comparing 2019 to 2012 ILI results:	In Review by VGT since 2019 next inspection is in 2026
	2020 - 0 defects predicted >50% and 0 defects predicted SOP<MOP	
	2021 - 1 defect predicted >50% and 0 defects predicted SOP<MOP	
	2022 - 0 defects predicted >50% and 1 defects predicted SOP<MOP	
	2023 - 3 defects predicted >50% and 1 defects predicted SOP<MOP	
	2024 - 1 defects predicted >50% and 0 defects predicted SOP<MOP	
	2025 - 6 defects predicted >50% and 0 defects predicted SOP<MOP	
	2026 - 6 defects predicted >50% and 1 defects predicted SOP<MOP	

The Table demonstrates that VGT had multiple known areas with actual anomalies as documented from their evaluation. Therefore, VGT failed to document its decisions for determining that all of the above anomalies did not require investigation, per VGT's IMP and the requirements of § 192.907(a).

5. § 192.907 What must an operator do to implement this subpart?

(a) General. No later than December 17, 2004, an operator of a covered pipeline segment must develop and follow a written integrity management program that contains all the elements described in § 192.911 and that addresses the risks on each covered transmission pipeline segment. The initial integrity management program must consist, at a minimum, of a framework that describes the process for implementing each program element, how relevant decisions will be made and by whom, a time line for completing the work to implement the program element, and how information gained from experience will be continuously incorporated into the program. The framework will evolve into a more detailed and comprehensive program. An operator must make continual improvements to the program.

VGT failed to follow its IMP, contained in its Pipeline Risk Algorithm Document (December 16, 2016), per the requirements of § 192.907(a). Specifically, VGT failed to follow its "Pipeline

Risk Algorithm Document,” sections 3.1.1 and 3.4.1, for external and internal corrosion, respectively, by not incorporating known data into VGT’s risk model.

Section 3.1.1 and 3.4.1 require VGT to either use “Method 1 - No ILI Data Available” or “Method 2 - ILI Data Available” to determine individual threat scores for external and internal corrosion. Here, VGT had high-resolution ILI data for the M2210-1 Frazee to Cushing pipeline segment. Therefore, VGT was required to use Method 2. Method 2 requires ILI data, when available, to be integrated into VGT’s algorithm, thus VGT was required to integrate the ILI data for 2020, 2021, 2022.

Thus, VGT failed to use Method 2 when it had high-resolution ILI data, per VGT’s procedures and the requirements of § 192.907(a).

6. § 192.907 What must an operator do to implement this subpart?

(a) General. No later than December 17, 2004, an operator of a covered pipeline segment must develop and follow a written integrity management program that contains all the elements described in § 192.911 and that addresses the risks on each covered transmission pipeline segment. The initial integrity management program must consist, at a minimum, of a framework that describes the process for implementing each program element, how relevant decisions will be made and by whom, a time line for completing the work to implement the program element, and how information gained from experience will be continuously incorporated into the program. The framework will evolve into a more detailed and comprehensive program. An operator must make continual improvements to the program.

VGT failed to include within its IMP the elements described in § 192.911, per the requirements of § 192.907(a). Under § 192.911(c), an operator must include in its IMP a process for the identification of threats, conducting risk assessments, and evaluating the merits of preventive and mitigative measures to protect covered segments. During the inspection, PHMSA requested VGT’s procedure(s) for complying with § 192.911(c) for its natural gas facilities. VGT provided Procedure 44, which serves as a “Facility Risk and P&MM Evaluation” procedure for ONEOK’s Part 195 assets. Additionally, VGT provided presentation records entitled “Pipeline Related Facility Risk on CFR 192 Assets,” from 2020, 2021, and 2022. These records contain references to § 192 subparts and Gas Transmission Integrity Management FAQs directly explaining the requirements of managing risk on pipeline facilities but failed to assess risk on eight facilities.

However, these records do not constitute adequate procedures. Firstly, Procedure 44 is deficient because it does not cover § 192 assets. Secondly, the 2020, 2021, and 2022 facility risk records titled “Pipeline Related Facility Risk on 192 Assets” were intended for § 195 assets and did not address § 192 specific risk factors for multiple facilities.

Therefore, VGT failed to develop procedures for the identification of threats, conducting risk assessments, and evaluate the merits of preventive and mitigative measures to protect covered segments, as required under §§ 192.911(c) and 192.907(a).

7. **§ 192.935 What additional preventive and mitigative measures must an operator take?**

(a) *General requirements.* An operator must take additional measures beyond those already required by Part 192 to prevent a pipeline failure and to mitigate the consequences of a pipeline failure in a high consequence area. An operator must base the additional measure on the threats the operator has identified to each pipeline segment. (See § 192.917). An operator must conduct, in accordance with one of the risk assessment approaches in ASME/ANSI B31.8S (incorporated by reference, see § 192.7), section 5, a risk analysis of its pipeline to identify additional measures to protect the high consequence area and enhance public safety. Such additional measures include, but are not limited to...²

VGT failed to implement additional measures beyond those already required by code, as required by § 192.935. Specifically, VGT failed to (1) identify additional measures based on the risk analyses required, and (2) implement those additional measures.

Firstly, VGT, as a part of its baseline assessment plan and its continual process of evaluation and assessment implemented the preventative and mitigative measure (P&MM) of running a circumferential magnetic flux leakage (CMFL) tool through the Ada to Frazee segment to assess the pipe for the threat of seam anomalies. Pursuant to § 192.935(a), an operator must take *additional* (emphasis added) measures beyond those already required by Part 192 to prevent a pipeline failure and to mitigate the consequence of a pipeline failure in a high consequence area. Because VGT used a CMFL tool to assess the threat of seam anomalies for the re-assessment under § 192.937,³ using a CMFL tool to assess the threat of seam anomalies could not be considered an additional P&MM to satisfy § 192.935, since that measure VGL had already selected to satisfy its requirements under Part 192, *i.e.*, § 192.919 and § 192.935. When PHMSA reviewed VGT's P&MM records, PHMSA found that VGT had considered running a CMFL tool an additional P&MM to satisfy the requirement of § 192.935(a).

In addition, for the 2017 Milaca to Osceola segment, VGT implemented a P&MM of shortening the reassessment schedule by one year, *i.e.*, shortening it from seven years to six years, so that it would need to be done in 2023.⁴ However, VGT did not perform this reassessment until April 30, 2024, and thus, no P&MMs can be credited to this segment.

Therefore, VGT failed to take any additional P&MM to mitigate the consequence of a failure, per the requirements of § 192.935(a).

² 49 CFR § 192.935 was amended effective May 24, 2023. *See* 87 Fed. Reg. 52224 (Aug. 24, 2022). The cited regulatory language reflects the pre-amended regulation.

³ 49 CFR § 192.937 was amended effective June 28, 2024. *See* 89 Fed. Reg. 33264 (April 29, 2024). The amendment did not change an operator's obligation to carry out a continual process of evaluation and assessment to maintain a pipeline's integrity.

⁴ Per § 192.939, the maximum reassessment interval for this pipe is seven calendar years.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$272,926 per violation per day the violation persists, up to a maximum of \$2,729,245 for a related series of violations. For violation occurring on or after December 28, 2023, and before December 30, 2024, the maximum penalty may not 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.

We have reviewed the circumstances and supporting documentation involved for the above probable violations and recommend that you be preliminarily assessed a civil penalty of \$xxx as follows:

<u>Item number</u>	<u>PENALTY</u>
Item 5	\$ 53,900

Proposed Compliance Order

With respect to Items 3, 4, and 6, pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to VGT. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Item

With respect to Items 1, 2 and 7, 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 these items. Failure to do so may result in additional enforcement action.

Response to this Notice

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 3-2025-007-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

David Barrett
Acting Director, Central Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

cc: Chris Zona, Chief Operating Officer, VGT, chris.zona@dtmidstream.com
Philip Coleman, Director, Code & Regulatory, VGT philip.coleman@dtmidstream.com
Patrick Rachel, Manager Codes and Compliance, VGT, patrick.raichel@dtmidstream.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 VGT a Compliance Order incorporating the following remedial requirements to ensure the compliance of VGT with the pipeline safety regulations:

- A. Regarding Item 3 of the Notice, pertaining to corrosion growth analysis, VGT must submit an amended procedure that does not allow for an unverified zero-percent growth rate to the Director within **90** days of receipt of the Final Order for review and approval.
- B. Regarding Item 4 of the Notice, pertaining VGT's failure to document its decisions for determining that anomalies did not require investigation, VGT must, within **90** days of receipt of the Final Order:
 - 1) Submit to the Director a run comparison from the 2017 ILI run and the 2024 ILI run for the Milaca to Osceola segment; and
 - 2) Submit to the Director an evaluation of each anomaly listed in the DI Form Table included under Notice Item 5 for the Ada to Frazee segment and the Frazee to Cushing segment.
- C. Regarding Item 6 of the Notice, pertaining to VGT's lack of procedures for gas facility risk, VGT must develop and submit procedures conforming with the requirements of § 192.911 within **90** days of receipt of the Final Order to the Director for review and approval.
- D. Should any of the above Compliance Order items extend beyond 90 days to complete, VGT must submit to the Director on the 90th day a report on all outstanding work necessary to implement the Compliance Order. Follow-up reports must be submitted to the Director every 90 days thereafter until all work necessary to implement the Compliance Order items is completed and the Final Order closed.
- E. It is requested that VGT 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.