

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

VIA ELECTRONIC MAIL TO: matt@tallgrass.com; kale.stanton@tallgrassenergylp.com; crystal.heter@tallgrassenergylp.com; danielle.stephens@tallgrass.com

June 16, 2025

Matt Sheehy
President & CEO
Tallgrass Energy Partners, LP
370 Van Gordon Street
Lakewood, CO 80228

CPF 3-2025-008-NOPV

Dear Mr. Sheehy:

From March 7, 2023, to December 1, 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 your Tallgrass Pony Express Pipeline (crude oil), Tallgrass Powder River Gateway (crude oil), and Tallgrass Midstream (natural gas liquids), LLC, facilities (collectively Tallgrass) in Colorado, Kansas, Nebraska, and Wyoming. Tallgrass Pony Express Pipeline, Tallgrass Powder River Gateway, and Tallgrass Midstream, LLC, are all subsidiaries of Tallgrass Energy Partners, LP.¹

As a result of the inspection, it is alleged that Tallgrass 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 See System Map, TALLGRASS, https://tallgrass-dev.dotcms.cloud/dA/19b8b3d84f/asset/System%20Map%20-%20Sustainability%20Report.pdf?language_id=1 (last accessed October 18, 2024).

1. § 195.307 Pressure testing aboveground breakout tanks.

(a)

(c) For aboveground breakout tanks built to API Std 650 (incorporated by reference, see § 195.3) and first placed in service after October 2, 2000, testing must be performed in accordance with Sections 7.3.5 and 7.3.6 of API Std 650. . . .

Tallgrass failed to pressure test aboveground breakout tanks built to API Standard 650 that were first placed into service after October 2, 2000, in accordance with API Standard 650 section 7.3.6, “Hydrostatic Testing Requirements,” per the requirements of § 195.307. Specifically, Tallgrass failed to provide pressure testing records demonstrating that testing was done in accordance with API Standard 650, section 7.3.6. Per API Standard 650 section 7.3.6, settlement readings are required to be taken 24 hours after the tank has been filled to the maximum height. Tallgrass’ records stated that tank 4251 at Buckingham Station was filled to 28.38 feet on February 8, 2021, however Tallgrass did not take settlement readings 24-hours after the maximum height of 28.38 feet was achieved. Additionally, Tallgrass was unable to provide pressure testing records for tank 4252 when asked by PHMSA’s April 1, 2024, Request for Specific Information² Therefore, Tallgrass failed to adequately test the breakout tanks 4251 and 4252 at Buckingham Station in accordance with § 195.307.

2. § 195.402 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

Tallgrass failed to prepare and follow its manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies, per the requirements of § 195.402(a). Specifically, Tallgrass failed to create a comprehensive pump station emergency shutdown system (ESD) procedure for the Buckingham Station as prescribed in Tallgrass’ procedure “OM500_L.” Tallgrass is required to prepare site specific ESD procedures “for all Department of Transportation (DOT) regulated pump facilities,” according to “OM500_L,” to include sections 3.2, “Power Supply,” 3.4, “Valves,” and 3.5, “SCADA Monitoring.” However, at the time of the inspection, the Buckingham Station ESD procedures did not include the requirements of “OM500_L,” sections 3.2, 3.4, and 3.5. Without developing

² Pursuant to 49 C.F.R. § 195.310, “[a] record must be made of each pressure test required by this subpart, and the record of the latest test must be retained as long as the facility tested is in use.”

a specific procedure for the Buckingham Station, Tallgrass violated § 195.402 by failing to follow all of its procedures.

3. § 195.402 Procedural manual for operations, maintenance, and emergencies.

(a)

(d) *Abnormal operation.* The manual required by paragraph (a) of this section must include procedures for the following to provide safety when operating design limits have been exceeded;

(1) Responding to, investigating, and correcting the cause of;

(i)

(iv) Operation of any safety device;

Tallgrass failed to respond to, investigate, and correct the cause of the operation of a safety device, per the requirements of § 195.402(d)(1)(iv). Specifically, Tallgrass failed to identify the operation of a safety device that resulted in an immediate shutdown (ISD) of the Tallgrass Pony Express Pipeline (PXP) pipeline as an abnormal operation (AO). From a review of Tallgrass' Emergency Response Line (ERL) records, PHMSA identified that ERL 2235, 3602, and 4213 (in years 2020, 2021, and 2022, respectively) resulted in the operation of a safety device that caused an ISD as an AO. The operation of any safety device is an AO, per § 195.402(d)(iv). These AOs occurred at the Sterling Station while using the "PXP - Sterling Terminal 22" Pig Load/Launch" Procedure (September 28, 2017). Tallgrass was unable to provide any records following these three AOs demonstrating that it (1) responded to, (2) investigated, or (3) corrected the cause of the operation of a safety device in these instances. Therefore, Tallgrass violated § 195.402(d) by not identifying these ERLs as AOs.

4. § 195.452 Pipeline integrity management in high consequence areas.

(a)

(d) When must operators complete baseline assessments?

(1) *All pipelines.* An operator must complete the baseline assessment before a new or conversion-to-service pipeline begins operation through development of procedures, identification of high consequence areas, and pressure testing of could affect high consequence areas in accordance with § 195.304.

Tallgrass failed to identify high consequence areas (HCA) on its Tallgrass Midstream (TMID) highly volatile liquid (HVL) pipeline, per the requirements of § 195.452(d)(1). Specifically, Tallgrass incorrectly used a dispersion distance equation that resulted in a HVL buffer distance that was less than the lower flammability limit (LFL). In July of 2022, Tallgrass received from its vendor a subsequent HCA analysis which included a dispersion model for the TMID pipeline. This model showed that the LFL of the TMID pipeline was 1149 feet, however after using the dispersion distance equation, the resulting HVL buffer distance was 600 feet. This reduced the previously identified HCAs on the TMID pipeline, resulting in a section of unidentified HCA

along the pipeline. Prior to the completion of the PHMSA 2023 inspection, Tallgrass corrected the issue.

5. § 195.583 What must I do to monitor atmospheric corrosion control?

(a)

(b) During inspections you 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.

Tallgrass failed to 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, per the requirements of § 195.583(b). Specifically, from a review of Tallgrass' records from the 2022 atmospheric corrosion inspection, coupled with PHMSA's field observations during the inspection, PHMSA determined that Tallgrass failed to inspect for atmospheric corrosion under thermal insulation at the Guernsey North station. After the inspection, Tallgrass installed view ports on the insulation and performed an inspection with records provided to PHMSA. PHMSA found these measures satisfactory to meet compliance and therefore no further action is necessary.

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 **\$39,100** as follows:

<u>Item number</u>	<u>PENALTY</u>
5	\$ 39,100

Proposed Compliance Order

With respect to Items 1 and 2, pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Tallgrass PXP and PRG. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Items

With respect to Items 3 and 4, 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 3-2025-008-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: Kale Staton, kale.stanton@tallgrassenergyllp.com;
Crystal Heter, crystal.heter@tallgrassenergyllp.com;
Danielle Stephens, 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 Tallgrass a Compliance Order incorporating the following remedial requirements to ensure the compliance of with the pipeline safety regulations:

- A. In regard to Item 1 of the Notice pertaining to the pressure testing of Buckingham Tanks 4251 and 4252 , Tallgrass must:
 - (1) Within **60** days of receipt of the Final Order:
 - a. Develop a pressure test plan, to include a schedule of pressure testing, for tanks 4251 and 4252, in accordance § 195.307.
 - b. Submit to PHMSA the pressure test plan and schedule for the Director's review and approval.
 - (2) Within 60 days of the pressure testing of each tank 4251 and tank 4252:
 - a. Create pressure testing records for tank 4251 and tank 4252.
 - b. Submit to PHMSA the pressure testing records of tank 4251 and tank 4252.
- B. In regard to Item 2 of the Notice pertaining to creating an ESD procedure for the Buckingham Station, Tallgrass must create a comprehensive pump station ESD procedure for the Buckingham Terminal and submit such procedure to the Director for review and approval within **60** days of receipt of the Final Order. After the Director has reviewed and approved the submitted procedure, Tallgrass must train the applicable personnel and submit the training records to the Director within **120** days of receipt of the Final Order.
- C. It is requested (not mandated) that Tallgrass 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.