October 14, 2025

VIA ELECTRONIC MAIL TO: matt.smorch@countrymark.com

Matt Smorch
President and CEO
CountryMark Refining and Logistics, LLC
225 South East Street, Suite 144
Indianapolis, IN 46202

Re: CPF No. 3-2025-022-NOPV

Dear Mr. Smorch:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and specifies actions that need to be taken to comply with the pipeline safety regulations. When the terms of the compliance order are 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 Daugherty
Acting Associate Administrator
for Pipeline Safety

Enclosures (Final Order and NOPV)

cc: David Barrett, Acting Director, Central Region, Office of Pipeline Safety, PHMSA
Blair Currie, Manager Pipeline Integrity, CountryMark Refining and Logistics, LLC, blair.currie@countrymark.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	)	
CountryMark Refining and Logistics, LLC,	)	**CPF No. 3-2025-022-NOPV**
Respondent.	)	

FINAL ORDER

On July 18, 2025, pursuant to 49 CFR § 190.207, the Acting Director, Central Region, Office of Pipeline Safety (OPS), issued a Notice of Probable Violation and Proposed Compliance Order (Notice) to CountryMark Refining and Logistics, LLC (Respondent). The Notice proposed finding that Respondent had violated the pipeline safety regulations in 49 CFR Part 195. The Notice also proposed certain measures to correct the violations. Respondent did not contest the allegations of violation or corrective measures.

Pursuant to 49 CFR § 190.213, I find Respondent violated the pipeline safety regulations listed below, as more fully described in the enclosed Notice, which is incorporated by reference:

> 49 CFR § 195.444(c) **(Item 1) ─** Respondent failed to comply with API RP 1130 in operating, maintaining, testing, record keeping, and dispatcher training of its computational pipeline monitoring leak detection system.
>
> 49 CFR § 195.446(c)(2) **(Item 2) ─** Respondent failed to have and follow written control room management procedures for conducting a point-to-point verification between SCADA displays and related field equipment when field equipment is added or moved and when other changes that affect pipeline safety are made to field equipment or SCADA displays.
>
> 49 CFR § 195.446(c)(3) **(Item 3) ─** Respondent failed to have and follow written control room management procedures to test and verify an internal communication plan to provide adequate means for safe manual operation of the pipeline, at least once each calendar year, but at intervals not to exceed 15 months.

49 CFR § 195.446(c)(4) **(Item 4) ─** Respondent failed to have and follow written control room management procedures to test its backup SCADA system at least once each calendar year, but at intervals not to exceed 15 months.

49 CFR § 195.446(h) **(Item 5) ─** Respondent failed to establish a controller training program that trained each controller to carry out their roles and responsibilities.

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

Compliance Actions

Pursuant to 49 U.S.C. § 60118(b) and 49 CFR § 190.217, Respondent is ordered to take the actions proposed in the enclosed Notice to correct the violations. 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. Upon completion of the ordered actions, Respondent may request that the Director close the case. Failure to comply with this Order may result in the assessment of civil penalties under 49 CFR § 190.223 or in referral to the Attorney General for appropriate relief in a district court of the United States.

The terms and conditions of this order are effective upon service in accordance with 49 CFR § 190.5.

_____ _____

Linda Daugherty
Acting Associate Administrator
for Pipeline Safety

Date Issued

NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER

VIA ELECTRONIC MAIL TO: matt.smorch@countrymark.com, blair.curry@countrymark.com

July 18, 2025

Mr. Matt Smorch
President and CEO
CountryMark Refining and Logistics, LLC
225 S. East St, Suite 144
Indianapolis, IN 46202

CPF 3-2025-022-NOPV

Dear Mr. Smorch:

From August 5 through September 24, 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.), conducted an inspection of CountryMark Refining and Logistics, LLC's (CountryMark) Control Room Management procedures and records in Mt. Vernon, Indiana.

As a result of the inspection, it is alleged that CountryMark 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. § 195.444 Leak detection.
(a) . . . .
(c) *CPM leak detection systems.* Each computational pipeline monitoring (CPM) leak detection system installed on a hazardous liquid pipeline must comply with API RP 1130 (incorporated by reference, see § 195.3) in operating, maintaining, testing, record keeping, and dispatcher training of the system.

CountryMark failed to comply with API RP 1130 in operating, maintaining, testing, record keeping, and dispatcher training of the system as required by § 195.444(c).

During the inspection, PHMSA reviewed CountryMark's procedures related to its computational pipeline monitoring (CPM) leak detection system and observed that CountryMark relied on a third-party vendor for all CPM activities other than control room monitoring. This third-party vendor conducted off-site monitoring of the CPM system and would also conduct reviews of any false alarms, data base and algorithm updates. The third-party vendor also offered training, upon request, for CountryMark's controllers and control room staff.

The operator relied entirely on the third-party contractor to carry out the requirements outlined in API RP 1130 as it related to CountryMark's CPM leak detection system. A review of CountryMark's manual demonstrated that there were no operator procedures in place to verify compliance with API RP 1130's requirements by the third-party vendor, including the API RP 1130 requirement to conduct an initial test of the CPM system, the requirement to train controllers in how to use the CPM leak detection system, the requirement to maintain records of any maintenance or changes to the CPM leak detection system, and the requirements for making sure the instruments used in gathering data such as pressure or temperature transmitters or defining the output of the CPM system were set to certain specifications. CRM Plan Section 1.5.1 did not include API RP 1130 as a reference used to develop and implement the CRM Plan. CountryMark is responsible for making sure that any CPM leak detection program installed on its pipeline complies with the pipeline safety regulations. A request was made for the initial test when the CPM leak detection was installed, and no record was provided.[1] The operator indicated no other test of the CPM system had been conducted as required by API RP 1130.

Therefore, CountryMark failed to comply with API RP 1130, as required pursuant to § 195.444(c).

2. § 195.446 Control room management.

(a) *General.* This section applies to each operator of a pipeline facility with controller working in a control room who monitors and controls all or part of a pipeline facility through a SCADA system. Each operator must have and follow written control room management procedures that implement the requirements of this section. . . .

***(b)* . . . .**

***(c) Provide adequate information.* Each operator must provide its controllers with the information, tools, processes and procedures necessary for the controllers to carry out the roles and responsibilities the operator has defined by performing each of the following:**

***(1)* . . . .**

(2) Conduct a point-to-point verification between SCADA displays and related field equipment when field equipment is added or moved and when other changes that affect pipeline safety are made to field equipment or SCADA displays.

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[1] *See* API Recommended Practice 1130, "Computational Pipeline Monitoring for Liquids: Pipeline Segment," 3rd edition, September 2007, (API RP 1130), at 6.2.2 ("...a new CPM system should be tested to verity that it has achieved the design or expected performance and to establish a baseline of performance.").

CountryMark failed to have and follow procedures and forms for conducting a point-to-point verification between SCADA displays and related field equipment when field equipment is added or moved and when other changes that affect pipeline safety are made to field equipment or SCADA displays that were compliant with § 195.446(c)(2).

PHMSA reviewed CountryMark's procedures on how to conduct a point-to-point verification between SCADA displays in the control room and the field for when field equipment is added, moved, or otherwise changed, by inspecting its Control Room Management (CRM) Plan, Section 4.5 Point-to-Point Verification, and the procedure attached to its Form F-195.446(c)(2). PHMSA found that CountryMark's CRM Plan, Section 4.5 Point-to-Point Verification, and the associated procedure attached to form F-195.446(c)(2) did not support the verification of the point-to-point test. Additionally, during the PHMSA inspection, PHMSA reviewed CountryMark's records for point-to-point verification for RP025-PTB on May 1, 2024, for N450-T502 on November 15, 2023, and for the 2024 Peru Project. CountryMark personnel used form F-195.446(c)(2) Point-to-Point Verification to document the point-to-point activity. While reviewing the records, PHMSA observed that a number of details were missing from the documentation. Missing details in the procedures and records included: the location sequence match between SCADA and field equipment, whether the test was live or simulated, and verification that all screens where a point presented were verified and verification that the alarms presented at the correct set point with the correct priority and description. This information is necessary to conduct a point-to-point verification between SCADA displays and related field equipment because the point-to-point verification is the first step in verifying the information presented to the controller is correct for the live field value, alarming and represents accurately the field device and its location on the SCADA display.

Therefore, CountryMark was not in compliance with § 195.446(c)(2).

3. § 195.446 Control room management.

(a) *General.* This section applies to each operator of a pipeline facility with controller working in a control room who monitors and controls all or part of a pipeline facility through a SCADA system. Each operator must have and follow written control room management procedures that implement the requirements of this section . . .

***(b)* . . . .**

***(c) Provide adequate information.* Each operator must provide its controllers with the information, tools, processes and procedures necessary for the controllers to carry out the roles and responsibilities the operator has defined by performing each of the following:**

***(1)* . . . .**

***(3)* Test and verify an internal communication plan to provide adequate means for manual operation of the pipeline safely, at least once each calendar year, but at intervals not to exceed 15 months;**

CountryMark failed to have and follow procedures and forms for testing and verifying an internal communication plan to provide adequate means for safe manual operation of the

pipeline, at least once each calendar year, but at intervals not to exceed 15 months, that were compliant with § 195.446(c)(3).

During the PHMSA inspection, PHMSA reviewed CountryMark's CRM Plan Section 4.6 and its corresponding form, F-195.446(c)(3). When reviewing CRM Plan Section 4.6, PHMSA observed that paragraphs 4.6.1 and 4.6.6 did not provide controllers sufficient detail and direction regarding what was required to manually operate and document the pipeline if abnormal conditions leading to a catastrophic failure of SCADA or the communication system occurred. The procedures lacked any instructions on how the pipeline system would be monitored and documented if CountryMark needed to implement manual operation. There were instructions on how to shut down the system, but no considerations for how to document shut down was complete, how leak detection was to continue, or for monitoring and reporting abnormal operating conditions and emergencies. This information is necessary to test and verify an internal communication plan for safe manual operation of the pipeline because even though the pipeline is shut down and not moving product, the pipeline is still operating and several functions that are monitored and controlled from the control room must continue to ensure pipeline safety.

PHMSA also reviewed CountryMark's form F-195.446(c)(3), entitled "Testing of the Internal Communication Plan," and used by operator personnel when documenting tests of the Internal Communications Plan. PHMSA specifically looked at the forms used during the calendar years 2021, 2022, and 2023 and identified that the test of the Internal Communications Plan consisted of two segments: a test of communication failure and a checklist to verify controller knowledge of actions to be taken in the event of a lost in communications. PHMSA observed that rather than actually testing the specified Plan, the exercise evaluated the controller's knowledge regarding procedural and operational practices required for the safe manual operation of the pipeline. This does not constitute testing the plan.

In light of these deficiencies, CountryMark was not in compliance with § 195.446(c)(3).

4. § 195.446 Control room management.

(a) ***General.*** **This section applies to each operator of a pipeline facility with controller working in a control room who monitors and controls all or part of a pipeline facility through a SCADA system. Each operator must have and follow written control room management procedures that implement the requirements of this section . . . .**

(b) **. . . .**

(c) Provide adequate information. **Each operator must provide its controllers with the information, tools, processes and procedures necessary for the controllers to carry out the roles and responsibilities the operator has defined by performing each of the following:**

(1) **. . . .**

(4) **Test any backup SCADA systems at least once each calendar year, but at intervals not to exceed 15 months; and**

CountryMark failed to have and follow procedures to test its backup SCADA server at least once each calendar year, but at intervals not to exceed 15 months, as required by § 195.446(c)(4). During the PHMSA inspection, PHMSA observed that while CountryMark did not have a backup control room, it did have a backup server. Specifically, CountryMark had two servers that were geographically separate but operated together. CountryMark designed the primary server to automatically switch to the secondary backup server upon failure. Thus, the secondary server was a functional backup SCADA system to the primary server. CountryMark did not view this as a backup SCADA system; therefore, it did not have procedures to test it. PHMSA learned during its inspection that CountryMark's IT Group, who managed the maintenance of the servers, would perform a swap of the servers during periods of maintenance, but this procedure was completed on an as-needed basis, was informal, and not documented.

Therefore, CountryMark was not in compliance with § 195.446(c)(4).

5. § 195.446 Control room management.

(a) *General.* This section applies to each operator of a pipeline facility with controller working in a control room who monitors and controls all or part of a pipeline facility through a SCADA system. Each operator must have and follow written control room management procedures that implement the requirements of this section. . . .

***(b)* . . . .**

***(h) Training.* Each operator must establish a controller training program and review the training program content to identify potential improvements at least once each calendar year, but at intervals not to exceed 15 months. An operator's program must provide for training each controller to carry out the roles and responsibilities defined by the operator. In addition, the training program must include the following elements....**

CountryMark failed to establish a controller training program with content to provide training to each controller on how to carry out the controller's roles and responsibilities defined by the operator as required.

PHMSA reviewed CountryMark's CRM Plan, Section 9.3, which included a list of 26 topics included in the training. PHMSA also reviewed CountryMark's CRM Plan, Section 9.3, which provided a framework for controller training beginning with an initial training that lasted for 90 days and included controller orientation, fatigue training, third-party computer-based training and operator qualification. This 90-day training, per the CRM Plan, would then be followed by another 90 days of operational training that would provide the trainee with on-the-job training supervised by a qualified controller trainer. The CRM Plan stated that the qualified controller trainer would evaluate the trainee during this period and complete form F-195.446(h)(3), entitled "90 Day OTJT Check-List," which was a checklist assessment of the trainee's familiarity with various sections of the CRM Plan.

While CountryMark had the above-mentioned CRM Plan, CountryMark did not establish a controller training program with training program content that could be reviewed to identify potential improvements. CountryMark did not develop training program content to uniformly

instruct controllers on how to carry out their roles and responsibilities. Rather the training employed merely consisted of discussions with the trainee about the 26 topics. This process did not denote what competencies a trainee was required to demonstrate to receive an acceptable performance rating, or what metrics would be used to evaluate their knowledge or ability to carry out their assigned roles and responsibilities. Further, absent consistent, uniform training program content, there was no means by which CountryMark could carry out a substantive review of the program to identify potential improvements in the training. No uniform content for this training had been developed. Rather the training merely consisted of discussions with the trainee about the 26 topics. Therefore, CountryMark was not in compliance with § 195.446(h).

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 documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

Proposed Compliance Order

With respect to items 1, 2, 3, 4, and 5 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to CountryMark. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

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 3-2025-022-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

cc: Blair Curry, Manager Pipeline Integrity, Blair.Currie@CountryMark.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 CountryMark a Compliance Order incorporating the following remedial requirements to ensure the compliance of CountryMark with the pipeline safety regulations:

A. In regard to Item 1 of the Notice pertaining to CountryMark's failure to have a procedure to comply with API RP 1130 as required by § 195.444 and failing to have conducted an initial test of the CPM system, CountryMark must develop procedures to comply with the requirements of API RP 1130 and conduct and document an initial test of the CPM system.

(1) Within **150** days of receipt of the Final Order, CountryMark must present to the Region Director the procedures for review and approval.

(2) Within **210** days of receipt of the Final Order, CountryMark must conduct and document a test of the CPM system, address and correct any findings and action items, and present to the Region Director for review and approval documentation showing the test results, action items, and corrections. This test would constitute the initial test requirement.

B. In regard to Item 2 of the Notice pertaining to CountryMark's procedures and point-to-point verifications being not thorough to demonstrate compliance, CountryMark must develop procedures and forms to document the verification. The procedure and form(s) must be presented to the Region Director within **30** days of receipt of the Final Order for review and approval. CountryMark must also train personnel in the new procedure and form, conduct a P2P verification for RP025-PTB and for N450-T502 and correct any identified deficiencies. The records documenting the training, P2P verification, and corrections must be presented to the Region Director for review **90** days of receipt of the Final Order.

C. In regard to Item 3 of the Notice pertaining to CountryMark's failure to test and verify an internal communication plan for manual safe operation of the pipeline, CountryMark must:

(1) Within **90** days of receipt of the Final Order, submit to the Region Director for review and approval a finalized procedure(s) and communication plan applicable to all jurisdictional pipelines. The procedure(s) must ensure controllers and appropriate personnel have adequate information and guidance to perform manual operations effectively during a SCADA system failure. This submission must demonstrate compliance with regulatory requirements and ensure the safe and effective operation of the pipeline system during SCADA system failures, including a robust internal communication plan that is regularly tested and validated. The plan must address at least the following elements:

i. Procedures for shutting down the pipeline system, including idling operations, during a SCADA system failure;

ii. Processes for monitoring pipeline systems to ensure safety under each flow condition;
iii. A process for maintaining pipeline system normal operations to allow the manual delivery and receipt of product;
iv. Methods for conducting manual leak detection and verifying system integrity.
v. Identification of abnormal operating parameters and corresponding actions.
vi. Emergency response specific to manual operations;
vii. Requirements for recording and documenting information during manual operation scenarios;
viii. Personnel and shift requirements necessary to sustain manual pipeline operations; and
ix. Annual testing and verification of the internal communication plan, with intervals not to exceed 15 months.

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(2) Within **120** days of receipt of the Final Order:
i. Conduct training for all applicable control room and other operational personnel involved in manual operation.

(3) Within **180** days of receipt of the Final Order:
i. Schedule a test to verify the internal communication plan provides an adequate means for manual operation of the pipeline safely; and
ii. Notify the Region Director of the date and details for the test, to allow PHMSA to schedule an observation inspection.

D. In regard to Item 4 of the Notice pertaining to CountyMark failing to test its SCADA backup server, CountryMark must:

(1) Within **30** days of receipt of the Final Order, develop procedures to establish test requirements for the backup server that includes a form to document elements of the SCADA operation, and submit to the Region Director for review and approval a finalized procedure and forms.

(2) Within **90** days of receipt of the Final Order, CountryMark must:
i. Complete a test of the backup SCADA server using the approved procedure and forms,
ii. Correct any deficiencies identified by the test, and
iii. Submit the test record and any corrective actions to the Regional Director for review and approval.

E. In regard to Item 5 of the Notice pertaining to CountryMark failing to establish a controller training program and review the training program content to identify potential improvements at least once each calendar year, but at intervals not to exceed 15 months, CountryMark must:

(1) Within **45** days of receipt of the Final Order, develop procedures to include the roles and responsibilities of the controllers as well as an outline of the controller training program, and provide them to the Region Director for review and approval. The training program must include:
   i. Stages of training
   ii. Periodic assessments, evaluation and feedback for the controller trainee
   iii. Requirements for operator qualification that includes knowledge and skill assessments.

(2) Within **90** days of receipt of the Final Order, present to the Region Director for review and approval:
   i. Training content to be included by each stage of the training program and a way to verify the controller completed the training. Training content must include controllers' roles and responsibilities as well as requirements found in § 195.446(h)(1-6)

(3) Within **120** days of receipt of the Final Order, present to the Region Director for review and approval:
   i. A procedure to review the content of the training program once each calendar year as required by § 195.446(h). The procedure must provide the detail of how the content will be evaluated to ensure it is current and relevant to support training for the controllers to carry out their roles and responsibilities in addition to the items identified in § 195.446(h)(1)-(6).

F. It is requested (not mandated) that CountryMark maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director, Central Region, Office of Pipeline Safety, 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.