



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

8701 South Gessner, Suite 1110
Houston, TX 77074

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 4, 2015

Mr. Lee Conley
Vice President Engineering & Operations
Monarch Oil Pipeline, LLC
5613 DTC Pkwy., Ste. 310
Greenwood Village, CO 80111

CPF 4-2015-5026W

Dear Mr. Conley:

On September 14-17, 2015, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Reydon Pipeline construction project in Canadian, Texas.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation(s) are:

1. §195.64 National Registry of Pipeline and LNG Operators.

(a) OPID Request. Effective January 1, 2012, each operator of a hazardous liquid pipeline or pipeline facility must obtain from PHMSA an Operator Identification Number (OPID). An OPID is assigned to an operator for the pipeline or pipeline system for which the operator has primary responsibility. To obtain an OPID or a change to an OPID, an operator must complete an OPID Assignment Request DOT Form PHMSA F 1000.1 through the National Registry of Pipeline and LNG Operators in accordance with § 195.58.

At the time of the inspection, Monarch Oil Pipeline had neither obtained an Operator Identification Number (OPID) nor completed an OPID Assignment Request DOT Form PHMSA F 1000.1 through the National Registry of Pipeline and LNG in accordance with 195.58. However, after this issue was identified to Monarch by PHMSA, the operator requested an OPID.

2. §195.64 National Registry of Pipeline and LNG Operators.

(c) Changes. Each operator must notify PHMSA electronically through the National Registry of Pipeline and LNG Operators at <http://opsweb.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 or 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;**
- (ii) Construction of 10 or more miles of a new hazardous liquid pipeline; or**
- (iii) Construction of a new pipeline facility.**

Monarch did not notify PHMSA of its intent to construct 10 or more miles of a new hazardous liquid pipeline and associated pipeline facilities beginning July 8, 2015. This notification was required not later than 60 days before the event was to occur; which, in this case not later than May 9, 2015. PHMSA became aware of Monarch's construction activities of approximately 37 miles of crude oil pipeline and a 5,000 bbl. break-out tank from information provided by the Oklahoma Corporation Commission (OCC).

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. 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 correct the item(s) identified in this letter. Failure to do so will result in Monarch Oil Pipeline LLC being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 4-2015-5026W**. Be advised that all material you submit in response to this enforcement action is subject to being 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).

Sincerely,



R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration