



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

8701 South Gessner, Suite 1110
Houston, TX 77074

**NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 29, 2016

Norm Szydlowski
President
Rose Rock Midstream L.P.
3030 NW Expressway, Suite 1100
Oklahoma City, OK 73112

CPF 4-2016-5005

Dear Mr. Szydlowski:

On September 10, 2014, 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 conducted an accident investigation following a crude oil release on the 8" Blackwell to See pipeline southeast of Blackwell, Oklahoma. On April 2, 2014, Rose Rock Midstream L.P. (Rose Rock) notified the National Response Center of a release of 160 barrels from their facility.

As a result of the investigation, 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. 195.402 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.

The operator failed to follow procedure, Lockout/Tagout (LOTO) Standard Chapter 26, while performing maintenance work to install a new pipe segment on the Blackwell to See 8" pipeline by using unauthorized locks.

Rose Rock's Lockout/Tagout procedure, Chapter 26 Section 4 b, states "*The locks/tags shall be standardized throughout the facility and are the only authorized method used for lockout/tagout of energy sources. These locks and tags shall not be used for any purpose other than equipment isolation.*" The standardized LOTO locks are the only locks authorized for the Lockout/Tagout of energy sources, and they are not used for any purpose other than equipment isolation. The technician responsible for LOTO of the facility prior to the maintenance work did not use the correct locks during the lockout/tagout process.

In addition, Lockout/Tagout procedure Chapter 26-Responsibilities 6 states "*Supervisors shall ensure that this standard is implemented and enforced. When required, the corporate environment, health and safety department will provide technical assistance.*" As a result of their failure to follow their own procedure, the Maintenance Supervisor overseeing the replacement activities did not confirm the status of the valve, and when attempting to restart the system they did so against a closed valve resulting in an overpressure and rupture of the line.

2. §195.428 Overpressure safety devices and overfill protection systems

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

Rose Rock failed to inspect and maintain their pressure transmitters in accordance with §195.428 and their written procedures, O&M manual - 3.1 Annual Overpressure Protection Device Inspection, which requires "*Each pressure switch will be inspected once each calendar year, not to exceed 15 months, as follows to determine operational integrity. This inspection shall be recorded on forms included in the Appendix of this manual.*"

Rose Rock did not have any records for any prior inspection of the transmitter. Rose Rock began inspections following the accident.

On April 2, 2014, while performing maintenance on the Blackwell station, the pressure transmitter located at Blackwell Junction was inoperable and no pressure alarm was

received to SCADA to indicate exceedance of the 780 MOP. The operator indicated that the pressure transmitter was out of calibration and caused the failure of the transmitter.

This probable violation is a repeat violation of CPF 3-2013-5028 Item 3.

3. 195.406 Maximum operating pressure.

(b) No operator may permit the pressure in a pipeline during surges or other variations from normal operations to exceed 110 percent of the operating pressure limit established under paragraph (a) of this section. Each operator must provide adequate controls and protective equipment to control the pressure within this limit.

Rose Rock failed to provide adequate controls and protective equipment to control the pressure to less than 110% of operating pressure. On April 2, 2014, the operator's pipeline operating pressure exceeded 110 percent of the Maximum Operating Pressure (MOP). The MOP of the pipeline is 780 psig and the line ruptured at 1160 psig when the operator attempted to start the line against a close/locked valve.

This probable violation is a repeat violation of CPF 3-2013-5028 Item 2.

4. 195.404 Maps and Records.

(a) Each operator shall maintain current maps and records of its pipeline systems that include at least the following information;

(4) The diameter, grade, type and nominal wall thickness of all pipe.

Rose Rock did not have complete records documenting the Grade of the See to Blackwell 8" pipeline.

Information provided on the DOT 7100.2 indicates that Rose Rock had recorded the See to Blackwell 8" pipeline as a Grade B pipeline with a wall thickness of .250 in and a SMYS of 35,000. After requests for information to support the Grade selection were made, Rose Rock changed the information on the form to record the SMYS as 24,000. There were no records available to support the use of the 35,000 as the SMYS. It is clear that the Blackwell to See 8" pipeline was operating with an MOP established with an unconfirmed or supported Grade of pipe.

Proposed Civil Penalty

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. The Compliance Officer has reviewed the circumstances and

supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$600,200 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$ 164,100
2	\$ 236,100
3	\$ 200,000

Warning Items

With respect to item 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 item(s). 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 Compliance 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). 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.

In your correspondence on this matter, please refer to **CPF 4-2016-5005** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



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

Enclosures: *Response Options for Pipeline Operators in Compliance Proceedings*