

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

ELECTRONIC MAIL - RETURN RECEIPT REQUESTED

November 15, 2021

Pat Hodgins
Vice President Health, Safety and Environmental
Oryx Delaware Oil Transport LLC
333 Clay Street, Suite 1600
Houston, Texas 77002

CPF 4-2021-008-NOPV

Dear Mr. Hodgins:

From February 10, 2020, through April 9, 2021, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Oryx Delaware Oil Transport LLC's (Oryx) hazardous liquid pipeline systems located in New Mexico and Texas.

As a result of the inspection, it is alleged that Oryx 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. § 195.64 National Registry of Pipeline and LNG Operators.

(a) . . .

(c) Changes. Each operator must notify PHMSA electronically through the National Registry of Operators at <http://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) . . .

(iii) Reversal of product flow direction when the reversal is expected to last more than 30 days. This notification is not required for pipeline systems already designed for bi-directional flow.

Oryx failed to notify PHMSA electronically through the National Registry of Operators, of its product flow reversal on two existing pipelines as required by § 195.64(c)(1)(iii). Oryx completed flow reversals of its North 12" crude oil pipeline from Ward County, Texas to Reeves County, Texas (21.9 miles) on April 14, 2021, and its Crane to Midland 24" crude oil pipeline from Crane County, Texas to Midland County, Texas (59.5 miles) on June 1, 2020.

During the April 2021 PHMSA field inspection, Oryx compliance personnel confirmed that Oryx did not notify PHMSA of the reversal of flow 60 days prior to the reversal. Oryx submitted notification to PHMSA on April 19, 2021, after the issue was raised during the inspection, five days after the North 12" flow reversal and 323 days after the Crane to Midland 24" flow reversal.

2. § 195.436 Security of facilities.

Each operator shall provide protection for each pumping station and breakout tank area and other exposed facility (such as scraper traps) from vandalism and unauthorized entry.

Oryx failed to provide protection at each pumping station and breakout tank area from vandalism and unauthorized entry. PHMSA inspectors found that Oryx had not installed fencing at two scraper traps (Mentone 12" mainline MMBV-2 and MMBV-1; Verhalen launcher 12" at WMBV-6) and five mainline block valves (including the Crane Interconnect 24"; the Greyoak valve; the Mentone 12" mainline MMBV-2 and MMBV-1; and the 16" pipeline inlet to Midland Station valve, WMBV-7) to prevent vandalism or unauthorized entry.

Oryx's written procedure, *Hazardous Liquids Operation & Maintenance Manual, B.23 Security* (Effective Date 1/22/2021), requires that "[e]ach operator shall provide protection for each pumping station, breakout tank area and other exposed facilities (such as scraper traps or mainline block valves) from vandalism and unauthorized entry."

3. § 195.420 Valve maintenance.

(a) . . .

(b) Each operator shall, at intervals not exceeding 7 1/2 months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

Oryx failed to inspect each mainline valve twice each calendar year with intervals not exceeding 7½ months to determine that it is functioning properly. Oryx was unable to provide documentation to validate the inspection of seven of its mainline valves twice each calendar year for 2019. Six of the valves only had one inspection performed, while the seventh location did not have any inspections for the calendar year 2019. The valve inspections resumed in 2020.

4. § 195.505 Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

(a) . . .

(b) Ensure through evaluation that individuals performing covered tasks are qualified;

Oryx failed to ensure through evaluation that individuals performing covered tasks were qualified as required by § 195.505(b), specifically its Covered Task Identity 714OP, Inspect and Maintain Pressure Limiting and Regulating Devices. During PHMSA's inspection, Oryx was not able to provide any documentation supporting the qualification of its employee that performed the covered task on February 13, 2020, at the Crane Station and was not qualified until after the performance of the task. The Oryx employee became qualified on April 23, 2020.

5. § 195.567 Which pipelines must have test leads and what must I do to install and maintain the leads?

(a) . . .

(c) *Maintenance.* You must maintain the test lead wires in a condition that enables you to obtain electrical measurements to determine whether cathodic protection complies with § 195.571.

Oryx failed to maintain test lead wires in a condition that enabled it to obtain electrical measurements to determine the adequacy of cathodic protection on three of its test stations on the Northwest 12" Mainline A. Oryx's Northwest 12" Mainline A Test Station #4, #5, and #40 were found to have broken test leads, and as a result, Oryx was unable to obtain cathodic protection readings in calendar years 2019 and 2020 at these locations.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to 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 violations 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. For violations occurring on or after November 27, 2018, and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violations occurring on or after November 2, 2015, and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022.

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.

With respect to item 2 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Oryx Delaware Oil Transport LLC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Items

With respect to items 1, 3, 4, and 5 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. 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).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 190.211. 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. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 4-2021-008-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Mary L. McDaniel P.E.
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Oryx Delaware Oil Transport LLC (Oryx) a Compliance Order incorporating the following remedial requirements to ensure compliance with the pipeline safety regulations:

1. In regard to Item 2 of the Notice pertaining to Oryx's failure to follow its *Hazardous Liquids Operation & Maintenance Manual, B.23 Security* (Effective Date 1/22/2021) procedure in accordance with § 195.402(a) and 195.436, Oryx must:
 - a. Review and locate each pumping station, breakout tank area and other exposed facilities (such as scraper traps or mainline block valves) that does not have protection from vandalism and unauthorized entry areas;
 - b. Provide protection from vandalism and unauthorized entry for those facilities identified above; and
 - c. Submit all documentation demonstrating compliance with item 1(a) and 1(b) to Mary L. McDaniel P.E., Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration, 8701 South Gessner, Suite 630 Houston, Texas 77074 for review within 90 days of receipt of the Final Order.
2. It is requested (not mandated) that Oryx Delaware Oil Transport LLC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Mary L. McDaniel, Director, Southwest 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.