

WARNING LETTER

ELECTRONIC MAIL - RETURN RECEIPT REQUESTED

February 8, 2022

Greg McIlwain
Senior Vice President, Operations
Rose Rock Midstream Operating, LLC
1300 Main Street
Houston, Texas 77002

CPF 4-2022-014-WL

Dear Mr. McIlwain:

From February 1, 2021 through September 17, 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 Rose Rock Midstream Operating LLC's (Rose Rock) Semgroup Cushing System in Kansas and Oklahoma.

As a result of the inspection it is alleged that Rose Rock 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. § 195.402 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.

Rose failed to follow its written *Standard Operating Procedures, Recognizing and Responding to Abnormal Operations, HLA.13* (Revision Date: 07/01/2021) for recognizing, reacting to, and documenting abnormal operations.

During the inspection of Rose Rock's records for abnormal operations, PHMSA found that the causes of several of the abnormal operation events were not identified under the categories listed in its procedure. PHMSA also identified that Rose Rock's operation personnel failed to record and document data required to be reported for abnormal operation events in its Incident Management System (IMS) Application as required by its procedure *Standard Operating Procedures, Recognizing and Responding to Abnormal Operations, HLA.13, 7.9 Reviewing Operator Response*.

Subsequently, Rose Rock personnel stated during an informal consultation that operations personnel had not entered certain abnormal operations events data into its IMS Application. Rose Rock management has conducted training with personnel on recognizing, reacting to, and documenting abnormal operations in its IMS application as per its procedure.

2. § 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)...

(5) Periodically reviewing the response of operator personnel to determine the effectiveness of the procedures controlling abnormal operation and taking corrective action where deficiencies are found.

Rose Rock failed to periodically review the response of personnel to determine the effectiveness of its procedures for controlling abnormal operating and taking corrective actions when deficiencies were found. Rose Rock's *Standard Operating Procedures, Recognizing and Responding to Abnormal Operations, HLA.13* (Revision Date: 07/01/2021), states personnel will "Review the response(s) of personnel to each situation that resulted in an abnormal operation report to determine the effectiveness of the procedure."

During the inspection of Rose Rock's records for abnormal operations, PHMSA found that Rose Rock failed to review the response of operator personnel to determine the effectiveness of its procedure controlling abnormal operations for several abnormal operation events.

3. § 195.573 What must I do to monitor external corrosion control?

(a) Protected pipelines. You must do the following to determine whether cathodic protection required by this subpart complies with § 195.571:

(1) Conduct tests on the protected pipeline at least once each calendar year, but with intervals not exceeding 15 months. However, if tests at those intervals are impractical for separately protected short sections of bare or ineffectively coated pipelines, testing may be done at least once every 3 calendar years, but with intervals not exceeding 39 months.

Rose Rock failed to conduct tests on its cathodically protected pipelines at least once each calendar year, with intervals not exceeding 15 months in accordance with § 195.573(a)(1) for its Semgroup Cushing System.

PHMSA reviewed Rose Rock's cathodic protection DOT Annual Survey Reports for the calendar year 2020 and discovered that no cathodic protection tests were conducted at the following test stations:

Arlington to Burton Segment

- SEM Crude MP 31.4 test station
- Trailwest E/W Sand MP 47.2 test station;

Lyons to Burton Segment

- Burmac Rd. MP 36.2 test station
- Abandoned RR MP 10.6 test station;

Haven Station

- East end of 6" loop by East 12" trap #3 test station;

Burton to Eldorado Segment

- 72nd & Mission E/W Rd.-MP 10.5 test station
- 96th & Meridian Sharps Junction- MP 15.8 test station
- N. 143rd East MP 27 test station
- Arlington Junction-3 test stations at the meter manifold
- Hudar Junction Launcher NE 90th Ave. MP 3 test station;

Hanston to Hudson Segment

- NE 90th Ave. N/S MP 63;

Pixley – Alva Segment

- Railroad Xing TS South Side Pixley Station North; and

Whelan to Isabel Segment

- MP 8.2 test station
- MP 11.59 test station.

Rose Rock personnel explained that a third-party vendor (MATCOR) was contracted to perform cathodic protection tests in calendar year 2020 and failed to perform at the aforementioned test stations. The survey was completed for calendar year 2021 as required.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, Rose Rock Midstream Operator, LLC is 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 violations 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 conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the items identified in this letter. Failure to do so will result in Rose Rock Midstream Operator, 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 4-2022-014-WL**. 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,

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

cc: Todd Nardozzi, Director, Regulatory Compliance, Energy Transfer Company,
todd.nardozzi@energytransfer.com