

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

ELECTRONIC MAIL - RETURN RECEIPT REQUESTED

February 23, 2022

Glen Hicks
Manager of Engineering
Monarch Oil Pipeline, LLC
11757 Katy Freeway, Suit 500
Houston, Texas 77079

CPF 4-2022-015-NOPV

Dear Mr. Hicks:

From March 11, 2021 through April 21, 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 Monarch Oil Pipeline, LLC's (Monarch) crude oil pipeline facilities located in Canadian, Texas.

As a result of the inspection, it is alleged that Monarch 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.

Monarch failed to review its written operations and maintenance (O&M) manual at intervals not exceeding 15 months, but at least once each calendar year, to ensure that the manual is effective. Monarch has not conducted an annual review of its O&M manual since calendar year 2017. The last recorded written review was conducted on October 28, 2017.

Monarch failed to complete annual reviews for calendar years 2018, 2019, and 2020. No records were presented to document any reviews of its O&M manual or changes to any manuals since October 28, 2017.

2. § 195.49 - Annual report.

Each operator must annually complete and submit DOT Form PHMSA F 7000-1.1 for each type of hazardous liquid pipeline facility operated at the end of the previous year. An operator must submit the annual report by June 15 each year, except that for the 2010 reporting year the report must be submitted by August 15, 2011. A separate report is required for crude oil, HVL (including anhydrous ammonia), petroleum products, carbon dioxide pipelines, and fuel grade ethanol pipelines. For each state a pipeline traverses, an operator must separately complete those sections on the form requiring information to be reported for each state.

Monarch failed to submit an annual report for each type of hazardous liquid pipeline facility operated at the end of the previous year by June 15 each year. Specifically, Monarch failed to submit its 2016, 2017, 2018, and 2019 annual reports to PHMSA by June 15 of the following year.

Monarch operates a crude oil pipeline system in Texas and Oklahoma, which requires a separate report under § 195.49. Monarch submitted its initial annual report for this pipeline system in June 2016 for the 2015 report period; however, it failed to submit its 2016, 2017, 2018, and 2019 annual reports until June 24, 2021. Additionally, a Monarch representative stated during the inspection that the failure to submit the annual reports by the required deadline was due to an accidental oversight by operator personnel. As a result, for four consecutive years Monarch failed to meet the annual reporting requirements in accordance with § 195.49.

On June 24, 2021, Monarch submitted the annual reports for 2016, 2017, 2018, and 2019, and no further action is required.

3. § 195.61 - National Pipeline Mapping System.

(a) Each operator of a hazardous liquid pipeline facility must provide the following geospatial data to PHMSA for that facility:

(1) Geospatial data, attributes, metadata and transmittal letter appropriate for use in the National Pipeline Mapping System. Acceptable formats and additional information are specified in the NPMS Operator Standards manual available at www.npms.phmsa.dot.gov or by contacting the PHMSA Geographic Information Systems Manager at (202) 366-4595.

Monarch failed to submit geospatial data to PHMSA for its hazardous liquid pipeline facilities. Specifically, Monarch failed to submit the required National Pipeline Mapping System (NPMS) data for calendar years 2017, 2018, and 2019.

Since the original submission to PHMSA on September 6, 2017, there is no record that Monarch ever submitted system information to NPMS in calendar years 2017, 2018, or 2019.

No records were found in PHMSA's Pipeline Data Mart (PDM) that Monarch has ever submitted the required system information to NPMS or notified NPMS that there had been no change to system. Additionally, a Monarch representative stated during the inspection that the failure to submit required NPMS data was due to an accidental oversight by operator personnel.

Proposed Compliance Order

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 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. For violation 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 violation 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 Items 1 and 3 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Monarch Oil Pipeline, LLC. 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. 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 4-2022-015-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 Monarch Oil Pipeline, LLC (Monarch) a Compliance Order incorporating the following remedial requirements to ensure the compliance with the pipeline safety regulations:

- A. In regard to Item 1 of the Notice pertaining to Monarch failing to review its operations and maintenance manuals at intervals not exceeding 15 months, but at least once each calendar year, Monarch must conduct a review of its written operations and maintenance manuals and provide documentation showing compliance with this item within **30** days of receipt of the Final Order.
- B. In regard to Item 3 of the Notice pertaining to Monarch failing to submit geospatial data to PHMSA for its hazardous liquid pipeline facilities, Monarch must submit geospatial data to PHMSA for its hazardous liquid pipeline facilities within **30** days of receipt of the Final Order.

It is requested (not mandated) that Monarch Oil Pipeline, LLC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Mary McDaniel, Director, Southwest, 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.