U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Avenue, SE
Washington, D.C. 20590

April 7, 2026

VIA ELECTRONIC MAIL TO: tom.long@energytransfer.com

Thomas Long
Chief Executive Officer
Energy Transfer, LP
8111 Westchester Drive
Dallas, Texas 75225

Re: CPF No. 4-2024-037-NOPV

Dear Mr. Long:

Enclosed please find the Final Order issued in the above-referenced case. It withdraws two of the allegations of violation, makes other findings of violation, assesses a civil penalty of $116,100, and specifies actions that need to be taken by Energy Transfer, LP, to comply with the pipeline safety regulations. The penalty payment terms are set forth in the Final Order. When the civil penalty has been paid and the terms of the compliance order completed, as determined by the Director, Southwest Region, this enforcement action will be closed. Service of the Final Order by e-mail is effective upon the date of transmission and acknowledgement of receipt as provided under 49 CFR § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

LINDA GAIL DAUGHERTY
Digitally signed by LINDA GAIL DAUGHERTY
Date: 2026.04.07 14:47:58 -04'00'

Linda Daugherty
Acting Associate Administrator
for Pipeline Safety

Enclosure

cc: Bryan Jeffrey Lethcoe, Director, Southwest Region, Office of Pipeline Safety, PHMSA
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CONFIRMATION OF RECEIPT REQUESTED

U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590

In the Matter of	)	
Transwestern Pipeline Company, LLC,	)	**CPF No. 4-2024-037-NOPV**
a subsidiary of Energy Transfer, LP,	)	
Respondent.	)	

FINAL ORDER

From April 11 through September 29, 2023, pursuant to Chapter 601 of 49 United States Code (U.S.C.), a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), inspected Transwestern Pipeline Company, LLC's (Transwestern) interstate natural gas transmission pipeline in Arizona, Colorado, New Mexico, and Texas. Transwestern is a subsidiary of Energy Transfer, LP (Energy Transfer or Respondent).[1]

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Energy Transfer, by letter dated October 4, 2024, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice). In accordance with 49 CFR § 190.207, the Notice proposed finding that Energy Transfer committed one violation of 49 CFR Part 191 and five violations of 49 CFR Part 192, proposed assessing a civil penalty of $176,700 for the alleged violations, and proposed ordering Respondent to take certain measures to correct the alleged violations. The Notice also included an additional warning item pursuant to 49 CFR § 190.205, which warned Respondent to correct the probable violation or face possible future enforcement action.

After requesting and receiving an extension of time to respond, Energy Transfer responded to the Notice by letter dated January 9, 2025 (Response). Respondent contested several of the allegations and offered additional information in response to the Notice. Respondent did not request a hearing and therefore waived its right to one.

On September 30, 2025, PHMSA informed Respondent of the agency's revised enforcement

[1] *See* Transwestern Pipeline Company, LLC, ENERGY TRANSFER, https://twtransfer.energytransfer.com/ipost/TW (last visited December 16, 2025).

procedures pursuant to May 29, 2025, PHMSA Chief Counsel Memo,[2] and afforded Energy Transfer the opportunity to request additional records in the agency's possession. Respondent requested these records on October 2, 2025. PHMSA provided them on October 6, 2025. Energy Transfer did not ask to revise its prior response following receipt of these records.

Effective May 20, 2025, PHMSA revised its proposed civil penalty calculation policy.[3] PHMSA now uses the version of the Civil Penalty Worksheet in effect on the date when the alleged violation ended or the last date of the onsite inspection, whichever is earlier. For Item 1, the new proposed civil penalty calculation policy reduced the proposed civil penalty to $23,500.

FINDINGS OF VIOLATION

The Notice alleged that Energy Transfer violated 49 CFR Parts 192, as follows:

Item 4: The Notice alleged that Energy Transfer violated 49 CFR § 192.481, which states:

> **§ 192.481 Atmospheric corrosion control: Monitoring.**
> (a) Each operator must inspect and evaluate each pipeline or portion of the pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:

Pipeline type:	**Then the frequency of inspection is:**
(1) Onshore other than a Service Line	At least once every 3 calendar years, but with intervals not exceeding 39 months.
(2) Onshore *Service Line*	At least once every 5 calendar years, but with intervals not exceeding 63 months, except as provided in paragraph (d) of this section.
(3) *Offshore*	At least once each calendar years, but with intervals not exceeding 15 months.

[2] Revised Procedures for Determining the Contents of the Case File in Pipeline Safety Enforcement Proceedings, PHMSA, May 29, 2025, https://www.phmsa.dot.gov/regulatory-compliance/phmsa-guidance/revised-procedures-determining-contents-case-file-pipeline.

[3] Policy for Calculating Proposed Civil Penalties in Pipeline Safety Enforcement Proceedings, PHMSA, May 20, 2025, https://www.phmsa.dot.gov/news/phmsa-policy-calculating-proposed-civil-penalties-pipeline-safety-enforcement-proceedings.

> (b) During inspections the operator must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.

The Notice alleged that Energy Transfer violated 49 CFR § 192.481(a) and (b) by failing to inspect and evaluate each pipeline or portion of the pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion at least once every three calendar years, but with intervals not exceeding 39 months, paying particular attention to pipe under thermal insulation. Specifically, the Notice alleged that Energy Transfer did not provide documentation showing that the pipe at the Atoka 2 Compressor Station had been inspected under its thermal insulation in 2018 and 2021.[4]

During the PHMSA field inspection at Atoka 2 Compressor Station, the PHMSA Inspector noticed the discharge piping coming from Unit 837 was thermally insulated without inspection ports. When the PHMSA Inspector asked how Transwestern inspects the pipeline under thermal insulation for atmospheric corrosion, field personnel stated that the insulation is not removed to inspect the condition of the pipe. Rather, the field personnel explained that the condition of the pipe under the thermal insulation is determined at the exposed elbow. The exposed elbow has approximately three feet of exposed pipe before going underground. After this discussion, Transwestern conducted an atmospheric inspection on Unit 837's discharge piping. A copy of the inspection form from this inspection was provided to PHMSA.

In its Response, Energy Transfer contests the allegation of inadequacy. Energy Transfer notes that it conducted an atmospheric inspection on Unit 837's discharge piping in 2023. In addition, Energy Transfer states that it permanently removed the insulation at the Atoka 2 Compressor Station and painted all associated piping. The Response included an atmospheric inspection report for 2024 and photos of the associated piping.

Energy Transfer's actions are insufficient to demonstrate compliance with § 192.481(a) and (b). Energy Transfer's Response focused on 2023 and thereafter. However, the allegation of violation concerned its failure to inspect under the thermal insulation at the Atoka 2 Compressor station in 2018 and 2021. Respondent provided no documentation showing that the pipe under the thermal insulation was inspected in 2018 and 2021.[5]

Accordingly, after considering all of the evidence, I find that Respondent violated 49 CFR § 192.481(a) and (b) by failing to inspect and evaluate each pipeline or portion of the pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion at least once every three

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[4] Energy Transfer's procedure, *Standard Operating Procedure (SOP), Atmospheric Corrosion Inspection* (Rev. June 30, 2023), section 7.1, Coating Inspection, requires inspection under pipe insulation. If removal of insulation is impractical, proven and accepted methods to inspect under the insulation must be used.

[5] Pursuant to § 192.491(c), Energy Transfer had to retain a record "of each test, survey, or inspection required by [Subpart I] in sufficient detail to demonstrate the adequacy of corrosion control measure or that a corrosive condition does not exist" for at least five years. Therefore, Energy Transfer was required to maintain a record showing the pipe under the thermal insulation was inspected in 2021. Per the Violation Report associated with this Item, Energy Transfer was cited for one instance of violation for its non-compliance in 2021.

calendar years, but with intervals not exceeding 39 months, paying particular attention to pipe under thermal insulation.

Item 5: The Notice alleged that Respondent violated 49 CFR § 192.605, which states:

> **§ 192.605 Procedural manual for operations, maintenance, and emergencies.**
> (a) *General*. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.
> (b) *Maintenance and normal operations*. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.
> (1)….
> (8) Periodically reviewing the work done by operator personnel to determine the effectiveness, and adequacy of the procedures used in normal operation and maintenance and modifying the procedures when deficiencies are found.

The Notice alleged that Respondent violated 49 CFR § 192.605(a)(8) by failing to follow its manual of written procedures for conducting operations and maintenance activities for emergency response. Specifically, the Notice alleged that Transwestern failed to periodically review the work done by operator personnel to determine the effectiveness and adequacy of the procedures used in normal operation and maintenance, and modify the procedures when deficiencies are found in accordance with § 192.605(a)(8), per section 4.0 of Transwestern's procedure, *Guiding Principles for Standard Operating Procedures*, A-HLA.02 (effective Sept. 1, 2023).

In its Response, Energy Transfer contests the allegation. Respondent argues that its work review process satisfies the requirements of § 192.605(a)(8).

First, Energy Transfer argues that its annual review of "all standard operating and maintenance procedures for technical effectiveness and regulatory completeness to current rule making" satisfies the regulatory requirement. Energy Transfer also states that its procedures direct all company employees, in the performance of their daily tasks, to review their work to determine the effectiveness of the applicable procedures and to initiate a change if required.

The annual review referenced by Energy Transfer does not comply with the requirements of § 192.605(a)(8). The process described does not entail a review of the work done by operator personnel to determine the effectiveness and adequacy of the procedures used in normal operation and maintenance, and modifying the procedures when deficiencies are found. Rather, the process entails a review of standard operating and maintenance procedures. Nor does the *ad hoc* employee-initiated review of their own work satisfy the regulatory requirement, which directs the operator to periodically review the work done by its personnel to determine the effectiveness and adequacy of its procedures.

Second, Energy Transfer argues its annual work history review (AWHR) between supervisors and employees covering the tasks that the employee performed over the past 12 months meets the regulatory requirement. It does not. The process described in the Response entails an evaluation of the tasks an individual employee performed in the past year. The example Skill Evaluation Record provided with the Response identifies specific skills necessary to perform covered tasks. The example AWHR provided in the Response reflects that an individual employee's covered tasks are identified and that a review is done for the purpose of "determin[ing] whether the individual has knowledge and skills required to continue to perform these tasks." Thus, the AWHRs are reviews performed for the purpose of evaluating an individual's knowledge and ability to perform a covered task. They are not operator reviews of work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and they do not document taking corrective action where deficiencies are found as a result of that review.

Third, Energy Transfer argues its Subject Matter Expert (SME) observation of individuals performing covered tasks satisfies the regulatory requirements of § 192.605(a)(8). It does not. Observing employees perform covered tasks on an *ad hoc* basis and noting inadequacies or deficiencies in their work does not describe a periodic review of work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance.

Fourth, Energy Transfer argues its Quality Job Reviews (QJR), which involve observing employees conducting their work and documenting observations, meets the requirements of § 192.605(a)(8). Once again, it does not. Energy Transfer's QJRs, as described, are focused on reviewing the job performance of individual employees. Per the Response, they may involve "acknowledgement and recognition to the work team on a job well done, identification of an update to a procedure, the need for additional training or other areas for improvement." This does not describe a process of periodically reviewing the work done by operator personnel to determine the effectiveness and adequacy of the procedures used in normal operation and maintenance and modifying the procedures when deficiencies are found.[6]

In sum, no part of Energy Transfer's work review process satisfies the requirements of § 192.605(a)(8).

In the alternative, Energy Transfer argues that the allegation should be withdrawn or placed in abeyance due to pending decisions in cases CPF 4-2023-011-NOPV against Panhandle Eastern

[6] Energy Transfer states that it included a QJR as Exhibit E6 in its response. However, Exhibit E6 is not included in the list of exhibits following its argument for Item 5 (see Response page 13), it was not included among the documents provided to PHMSA, and PHMSA has no record of Energy Transfer providing an Exhibit E6 in this case. Therefore, the agency cannot review it.

Pipeline Company (Panhandle) and CPF 4-2024-027-NOPV against Sunoco Pipeline, L.P. (Sunoco), both of which are Energy Transfer subsidiaries. Energy Transfer asserts that issuing the NOPV in this case while those cases are pending "lacks fundamental fairness" and "constitutes double jeopardy" because "PHMSA is bringing multiple NOPVs related to the same processes, procedures, and facts." This argument is not persuasive.

As an initial matter, PHMSA withdrew CPF 4-2023-011-NOPV on April 22, 2025.[7] Following the withdrawal, PHMSA filed a complaint against Panhandle in the U.S. District Court for the Northern District of Texas on the same day. The complaint did not include an allegation of violation of § 192.605(b)(8).[8] Therefore, there are no "double jeopardy" concerns from it. The case was also settled and dismissed on January 12, 2026.[9]

This case does not undermine "fundamental fairness." Section 192.605(a)(8) establishes a straightforward requirement for operators to periodically review the work done by their personnel to determine the effectiveness and adequacy of the procedures used in normal operation and maintenance, and modify the procedures when deficiencies are found. It is understandable from the plain language of the regulation. Energy Transfer and its subsidiaries therefore had fair notice of what is required by the regulation.[10] Issuing this case while CPF 4-2024-027-NOPV is pending does not violate "fundamental fairness" because the regulation at issue in that case, § 195.402(c)(13), is applicable to hazardous liquid and carbon dioxide pipelines, not Transwestern's gas pipeline.[11] Like its Part 192 counterpart, § 195.402(c)(13) establishes a straightforward requirement that is understandable by the plain text of the regulation.[12]

Energy Transfer is not placed in "double jeopardy" by the issuance of this case. "Double jeopardy" only applies to proceedings that are "essentially criminal" in nature.[13] The purpose of the double jeopardy clause[14] is to require a person to be subject to criminal punishment only once for the same offense.[15] This administrative case is not a criminal case, nor is it "essentially

[7] *See* Withdrawal of Notice Letter, CPFR 4-2023-011-NOPV (April 22, 2025).

[8] Complaint at 8, U.S. v. Panhandle Eastern Pipe Line Company, L.P., No. 3:25-CV-01001 (N.D. Tex. April 22, 2025).

[9] Joint Stipulation of Dismissal, U.S. v. Panhandle Eastern Pipe Line Company, L.P., No. 3:25-CV-01001 (N.D. Tex. January 12, 2026).

[10] Fair notice requires the agency to have "state[d] with ascertainable certainty what is meant by the standards [it] has promulgated." *ExxonMobil Pipeline Company v. U.S. DOT*, 867 F.3d 578, 573 (5th Cir. 2017).

[11] 49 CFR Part 195 is applicable to hazardous liquid pipeline and carbon dioxide pipelines. *See* 49 CFR 195.0.

[12] 49 CFR 195.402(c)(13) requires hazardous liquid pipeline operators to "[p]eriodically review[] the work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and tak[e] corrective action where deficiencies are found."

[13] *See Fogle v. Pierson*, 435 F.3d 1252, 1262 (10th Cir. 2006); *Breed v. Jones*, 421 U.S. 519, 528 (1975).

[14] U.S. Const. amend. V.

[15] *See Breed v. Jones*, 421 U.S. 519, 529-30 (1975).

criminal" in nature.[16] The Notice does not allege that Energy Transfer committed a crime, but rather failed to comply with federal pipeline safety regulations. The proposed remedy in the compliance order merely requires Energy Transfer to take actions to bring it into compliance with the regulatory requirements.

Furthermore, this case and CPF 4-2024-027-NOPV do not allege the same offenses; therefore, double jeopardy is not a concern, even if it were applicable in non-criminal cases. The cases involve separate and distinct offenses that occurred on different days, in different places, involving different Energy Transfer subsidiaries, under different sets of facts.[17]

In CPF 4-2024-027-NOPV, PHMSA alleged a violation of § 195.402(c)(13) against Sunoco. Transwestern and Sunoco operate under different Operator Identification Number (OPID).[18] Different OPIDs indicate that each subsidiary has primary responsibility over its respective pipeline, pipeline facility, or pipeline system.[19] That is, each case involves a distinct and separate operator.

The locations of the alleged violations are different. This case pertains to pipeline in Arizona, Colorado, New Mexico, and Texas. CPF 4-2024-027-NOPV pertains to pipeline in Houston, Delmont, and Montello, Pennsylvania.

The facts of the cases are distinct. CPF 4-2024-027-NOPV stemmed from an inspection of Sunoco's hazardous liquid pipeline. That case alleged that procedure "*Guiding Principles for Standard Operating Procedures, A-HLA.02* (Rev. Sept. 1, 2023), was not periodically reviewed pursuant to the regulatory requirement of § 195.402(c)(13). This is the same procedure cited in the current case. However, the allegation in CPF 4-2024-027-NOPV is premised on additional, distinct evidence than that underlying the allegation of violation in this case.[20] Moreover, while § 195.402(c)(13) establishes a similar periodic procedure review requirement, it is a distinct regulation not applicable in this case.

In summary, because this case does not pertain to a criminal case or a case essentially criminal in nature, and because this case involves different operators, places, times, facts, and evidence, Energy Transfer is not placed in double jeopardy by this case.

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[16] *See Breed v. Jones*, 421 U.S. 519, 529 (1975) ("…the risk to which the term jeopardy refers is traditionally associated with 'actions intended to authorize criminal punishment to vindicate public justice.'").

[17] *See Murr v. U.S.,* 200 F.3d 895, 901 (6th Cir. 2000) (finding that double jeopardy does not apply to two charges stemming from conduct on different days, in different places, involving different people).

[18] The OPIDs for Transwestern and Sunoco are, respectively, 19610 and 18718.

[19] 49 CFR § 191.22 states, in pertinent part, each operator of a gas pipeline or gas pipeline facility must obtain an OPID from PHMSA, and that an OPID is assigned to an operator for the pipeline, pipeline facility, or pipeline system for which the operator has primary responsibility. A similar requirement applies to operators of hazardous liquid and carbon dioxide pipelines under 49 CFR § 195.64.

[20] *Compare* CPF 4-2024-037-NOPV, Violation Report, Evidence Exhibit D *with* CPF 4-2024-027-NOPV, Violation Report, Evidence Exhibit C.

Energy Transfer also cites the Final Order in *ExxonMobil Pipeline Company*, CPF 5-2013-5007 (Jan. 23, 2015) for the proposition that some separately alleged violations may be so related that they constitute a single offense. However, the principle articulated by *ExxonMobil* is not applicable here. PHMSA explained in *ExxonMobil* that it seeks to ensure that the alleged violations are separate – "meaning they each require proof of an additional fact or have their 'own evidentiary basis.'" Here, the cases have their own evidentiary bases, as explained above. Moreover, the alleged violations are separate because they involve different operators, places, times, facts, and evidence.

Finally, Energy Transfer asserts it is inappropriate for PHMSA to consider a parent company's subsidiaries when evaluating a company's history of prior offenses when calculating a civil penalty, when they share a Safety Program Relationship, but deem them separate entities "when determining whether to bring the same violation against multiple subsidiary companies related to the same, shared safety program." This argument is unavailing. It is a statutory requirement that a person owning or operating a pipeline facility comply with the applicable safety standards prescribed under Chapter 601 of United States Code Title 49, and PHMSA may issue orders directing compliance with Chapter 601 or a regulation prescribed thereunder.[21] By Transwestern maintaining an OPID for this pipeline, it indicates that Transwestern has primary responsibility over the pipeline.[22] Therefore, it is entirely appropriate for PHMSA to find Transwestern out of compliance with the regulation and direct it to take remedial requirements to ensure compliance with the pipeline safety regulations.

Accordingly, after considering all the evidence, I find that Respondent violated 49 CFR § 192.605(a)(8) by failing to follow its manual of written procedures for conducting operations and maintenance activities for emergency response.

Item 6: The Notice alleged that Respondent violated 49 CFR § 192.736, which states:

> **§ 192.736 Compressor stations: Gas detection.**
> (a) Not later than September 16, 1996, each compressor building in a compressor station must have a fixed gas detection and alarm system, unless the building is-
> (1) Constructed so that at least 50 percent of its upright side area is permanently open; or
> (2) Located in an unattended field compressor station of 1,000 horsepower (746 kilowatts) or less.

The Notice alleged that Respondent violated 49 CFR § 192.736(a) by failing to install a fixed gas detection and alarm system in each compressor building in a compressor station. Specifically, the Notice alleged that Transwestern failed to install an alarm system at Atoka 1 and Atoka 2 Compressor Station buildings that each have less than 50 percent of its upright side area permanently open.

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[21] 49 U.S.C. § 60118(a) & (b).

[22] *See* 49 CFR §§ 191.22 & 195.64.

In its Response, Energy Transfer did not contest the allegation. Accordingly, after considering all of the evidence, I find that Respondent violated 49 CFR § 192.736(a) by failing to install a fixed gas detection and alarm system in each compressor building in a compressor station.

Item 7: The Notice alleged that Respondent violated 49 CFR § 192.736, which states:

> **§ 192.736 Compressor stations: Gas detection.**
> (a)….
> (b) Except when shutdown of the system is necessary for maintenance under paragraph (c) of this section, each gas detection and alarm system required by this section must –
> (1) Continuously monitor the compressor building for a concentration of gas in air of not more than 25 percent of the lower explosive limit; and
> (2) If that concentration of gas is detected, warn persons about to enter the building and persons inside the building of the danger.

The Notice alleged that Respondent violated 49 CFR § 192.736(b) by failing to warn persons about to enter a building and persons inside the building of a concentration of gas in air of not more than 25 percent of the lower explosive limit (LEL). Specifically, the Notice alleged that at a gas concentration of 25 percent of LEL, the gas detection and alarm system at the West Texas-2 compressor building failure to actuate an audible or visual alarm.

In its Response, Energy Transfer did not contest the allegation. Accordingly, after considering all of the evidence, I find that Respondent violated 49 CFR § 192.736(b) by failing to warn persons about to enter the building and persons inside the building of a concentration of gas in air of not more than 25 percent of the LEL.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

WITHDRAWAL OF ALLEGATIONS

The Notice alleged that Respondent violated 49 CFR Part 191 and Part 192, as follows:

Item 1: The Notice alleged that Respondent violated 49 CFR § 191.5, which states:

> **§ 191.5 Immediate notice of certain incidents.**
> (a) At the earliest practicable moment following discovery, but no later than one hour after confirmed discovery, each operator must give notice in accordance with paragraph (b) of this section of each incident as defined in § 191.3.

The Notice alleged that Respondent violated 49 CFR § 191.5(a) by failing to give notice in accordance with § 191.5(b) of each incident defined in § 191.3 at the earliest practicable moment following discovery, but no later than one hour after confirmed discovery. Specifically, the

Notice alleged that Energy Transfer failed to notify the National Response Center (NRC) of four incidents at the earliest practicable moment following discovery, but no later than one after confirmed discovery.

In its Response, Energy Transfer provided additional information to show that it timely reported the four incidents. In a recommendation for final action submitted pursuant to § 190.209(b)(7), the Director recommended withdrawing the alleged violation of § 191.5(a).

After considering all of the evidence, to include the additional information provided with the Response, I find that Respondent gave notice in accordance with § 191.5(b) of each incident defined in § 191.3 at the earliest practicable moment following discovery, but no later than one hour after confirmed discovery, for each of the four incidents described in the Notice. Based upon the foregoing, I hereby order that Item 1 be withdrawn.

Item 3: The Notice alleged that Energy Transfer violated 49 CFR § 192.479, which states:

> **§ 192.479 Atmospheric corrosion control: General.**
> (a) Each operator must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.

The Notice alleged that Energy Transfer violated 49 CFR § 192.479(a) by failing to clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere. Specifically, the Notice alleged that the pipeline exposed to the atmosphere at the Dairy Concepts metering station was not cleaned and coated.

In its Response, Energy Transfer states that atmospheric inspections of the pipeline in question indicated that the pipeline showed only "surface oxides and no signs of pitting," meaning that the pipeline fit the exception under § 192.479(c). Energy Transfer also provided atmospheric inspection reports which classified the uncoated pipeline as not requiring remedial action. In addition, Respondent coated the bare pipelines after the inspection, as required by the Proposed Compliance Order. In a recommendation for final action submitted pursuant to § 190.209(b)(7), the Director recommended withdrawing the alleged violation of § 192.479(a).

After considering all of the evidence, I find that Respondent did not violate § 192.479(a). Based upon the foregoing, I hereby order that Item 3 be withdrawn.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty exceeding $200,000 per violation for each day of the violation, with a maximum administrative civil penalty exceeding $2,000,000 for any related series of violations.[23]

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[23] These amounts are adjusted annually for inflation. *See* 49 C.F.R. § 190.223 for adjusted amounts.

In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 CFR § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; any effect that the penalty may have on its ability to continue doing business; the good faith of Respondent in attempting to comply with the pipeline safety regulations; and self-disclosure or actions to correct a violation prior to discovery by PHMSA. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require.

The Notice proposed a total civil penalty of $176,700 for the violations cited above. Effective May 20, 2025, PHMSA revised its proposed civil penalty calculation policy to use the version of the Civil Penalty Worksheet in effect when the alleged violation occurred. The new policy reduces the proposed civil penalty for Item 1 to $23,500, for a total proposed civil penalty in this case to $174,900.

Item 1: The Notice proposed a civil penalty of $25,300 for Respondent's alleged violation of 49 CFR § 191.5(a), which was reduced to $23,500 by the revised civil penalty calculation policy. Since this alleged violation has been withdrawn, the proposed penalty is not assessed.

Item 3: The Notice proposed a civil penalty of $35,300 for Respondent's alleged violation of 49 CFR § 192.479(a). Since this alleged violation has been withdrawn, the proposed penalty is not assessed.

Item 4: The Notice proposed a civil penalty of $35,300 for Respondent's violation of 49 CFR § 192.481(a) and (b) for failing to inspect each pipeline or portion of the pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion at least once every 3 calendar years, but with intervals not exceeding 39 months, paying particular attention to pipe under thermal insulation. The new policy for calculating a proposed civil penalty did not change the proposed civil penalty for this Item. Energy Transfer contested the underlying allegation of violation. For the reasons stated in the Findings of Violation section above, Item 4 is sustained. Energy Transfer did not present any evidence or argument justifying a reduction in or elimination of the proposed penalty absent withdrawal of the Item. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of $35,300 for violation of 49 CFR § 192.481(a) and (b).

Item 6: The Notice proposed a civil penalty of $41,700 for Respondent's violation of 49 CFR § 192.736(a) for failing to install fixed gas detection and alarm system in each compressor building in a compressor station. The new policy for calculating a proposed civil penalty did not change the proposed civil penalty for this Item. Energy Transfer neither contested the allegation nor presented any evidence or argument justifying a reduction in or elimination of the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of $41,700 for violation of 49 CFR § 192.736(a).

Item 7: The Notice proposed a civil penalty of $39,100 for Respondent's violation of 49 CFR § 192.736(b) for failing to warn persons about to a building and persons inside the building of a concentration of gas in air not more than 25 percent of the lower explosive limit. The new policy for calculating a proposed civil penalty did not change the proposed civil penalty for this Item. Energy Transfer neither contested the allegation nor presented any evidence or argument justifying a reduction in or elimination of the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of $39,100 for violation of 49 CFR § 192.736(b).

In summary, having reviewed the record and considered the assessment criteria for each of the Items cited above, I assess Respondent a total civil penalty of **$116,100**.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 3, 4, 5, 6, and 7 in the Notice for violations of 49 CFR §§ 192.479(a), 192.481(a) and (b), 192.605(b)(8), 192.736(a), and 192.736(b), respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. As discussed above, Item 3 has been withdrawn. Therefore, the compliance terms proposed in the Notice for that Item are not included in this Order. The Director has indicated that Respondent has taken the following actions to address some of the cited violations:

> **Item 7**: Transwestern provided records of a properly functional gas detection and alarm system at the West Texas-2 compressor building.

Accordingly, I find that compliance has been achieved with respect to this violation. Therefore, the compliance terms proposed in the Notice for Item 7 is not included in this Order.

In its Response, Energy Transfer states that for **Item 4** it permanently removed the insulation at the Atoka 2 Compressor Station and painted all associated piping. However, this does not satisfy the terms of the Proposed Compliance Order for this Item. Energy Transfer did not present evidence or argument justifying modification or elimination of the proposed compliance order for this Item.

For **Item 5**, Energy Transfer disputes the underlying allegation of violation, but did not present evidence or argument justifying modification or elimination of the proposed compliance order absent its withdrawal.

Regarding **Item 6**, Energy Transfer installed and tested gas detection at Atoka 1 and Atoka 2 compressor stations and provided inspection records and videos which it says demonstrate the alarm systems are functional. However, Energy Transfer did not provide a copy of the procedure used to test the gas detection and alarm systems, which was required by the proposed compliance order. Energy Transfer did not present evidence or argument justifying modification or elimination of the proposed compliance order.

Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 CFR § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

> 1. With respect to the violation of § 192.481(a) and (b) (**Item 4**), Respondent must identify all jurisdictional pipelines with thermal insulation. If permanent inspection ports are installed, Transwestern must provide PHMSA with pictures of the permanent inspection ports and the last two cycles of atmospheric corrosion inspections that specifically detail the condition of the pipe underneath the thermal insulation. If permanent inspection ports are not installed, Transwestern must follow its procedure and remove insulation or install permanent inspection ports at identified corrosion monitoring locations. After installation of the permanent inspection ports, Transwestern must conduct atmospheric corrosion inspections of those pipelines and provide those records, including permanent inspection port installation records and pictures, to the Director, Southwest Region, PHMSA within **120** days of issuance of this Final Order.
>
> 2. With respect to the violation of § 192.605(b)(8) (**Item 5**), Respondent must conduct reviews of work performed by personnel to determine the effectiveness of the procedures used in normal operation and maintenance and take corrective action where deficiencies are found and provide documentation of the effectiveness reviews to the Director, Southwest Region, PHMSA within **60** days of receipt of this Final Order.
>
> 3. With respect to the violation of § 192.736(a) (**Item 6**), Respondent must install a gas detector and alarm system at the Atoka 1 and Atoka 2 Compressor Station buildings, conduct testing of each gas detector and alarm system after installation for proper operation, provide records documenting installation and testing of the systems, and a copy of Transwestern's procedure for testing the alarm systems to the Director, Southwest Region, PHMSA within **60** days of receipt of this Final Order.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

PHMSA requests that Respondent maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director. 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.

Failure to comply with this Order may result in administrative assessment of civil penalties exceeding $200,000, as adjusted for inflation (*see* 49 CFR § 190.223 for adjusted amounts), for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

WARNING ITEM

With respect to Item 2, the Notice alleged a probable violation of Part 192.467(b) but identified it as a warning item pursuant to § 190.205. The warning was for:

> 49 CFR § 192.467(b) **(Item 2)** ─ Respondent's alleged failure to install one or more insulating devices where electrical isolation of a portion of pipeline is necessary to facilitate the application of corrosion control.

Energy Transfer requested withdrawal of Item 2 because the allegation was premised on incorrect facts. Under § 190.205, PHMSA does not adjudicate warning items to determine whether a probable violation occurred. If OPS finds a violation of this provision in a subsequent inspection, Respondent may be subject to future enforcement action.

Under 49 CFR § 190.243, Respondent may submit a Petition for Reconsideration of this Final Order to the Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. The written petition must be received no later than 20 days after receipt of the Final Order by Respondent. Any petition submitted must contain a statement of the issue(s) and meet all other requirements of 49 CFR § 190.243. The filing of a petition automatically stays the payment of any civil penalty assessed. The other terms of the order, including corrective action, remain in effect unless the Associate Administrator, upon request, grants a stay. The terms and conditions of this Final Order are effective upon service in accordance with 49 CFR § 190.5.

LINDA GAIL DAUGHERTY
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Date: 2026.04.07 14:48:42 -04'00'

Linda Daugherty
Acting Associate Administrator
for Pipeline Safety

April 7, 2026

Date Issued