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

1200 New Jersey Avenue, SE
Washington, DC 20590

November 20, 2025

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

Thomas Long
Chief Executive Officer
Energy Transfer, LP
8111 Westchester Drive
Dallas, Texas 75227

Re: CPF No. 4-2025-003-NOA

Dear Mr. Long:

Enclosed please find the Order Directing Amendment issued in the above-referenced case. It makes findings of inadequate procedures and requires Inland Corporation to amend certain procedures. When the amendment of procedures has been completed, as determined by the Director, Southwest Region, this enforcement action will be closed. Service of the Order Directing Amendment 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: 2025.11.18 16:58:07 -05'00'

Linda Daugherty
Acting Associate Administrator
for Pipeline Safety

Enclosure

cc: Bryan Lethcoe, Director, Southwest Region, Office of Pipeline Safety, PHMSA
Todd Nardozzi, Director – DOT Compliance, Energy Transfer,
todd.nardozzi@energytransfer.com

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 **Inland Corporation,** **a subsidiary of Energy Transfer, LP** **Respondent.**	**CPF No. 4-2025-003-NOA**

ORDER DIRECTING AMENDMENT

From August 6 to December 12, 2024, 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 (U.S.C.), inspected Inland Corporation's (Inland) Integrity Management Program procedures. Energy Transfer, LP, (Energy Transfer or Respondent) has a controlling financial interest in Inland Corporation.[1]

As a result of the inspection, the Director, PHMSA Southwest Region, OPS, issued to Inland by letter dated May 8, 2025, a Notice of Amendment (Notice). In accordance with 49 CFR § 190.206, the Notice alleged certain inadequacies in Inland's integrity management program and proposed that Inland amend its procedures.

Energy Transfer, on behalf of Inland, responded to the Notice on January 15, 2024 (Response). In its Response, Energy Transfer contested the Notice. Respondent did not request a hearing and therefore waived its right to one. On August 4, 2025, the Director provided a Region Recommendation recommending that PHMSA issue an Order Directing Amendment to Inland as proposed in the Notice.

FINDING OF INADEQUATE PROCEDURES

Item 1: The Notice alleged that Inland's written integrity management program was inadequate to ensure safe operation of a pipeline facility in accordance with section 195.452(h)(1)(ii).

[1] Inland Corporation, Energy Transfer, https://nsletconnect.energytransfer.com/ipost/IC (last accessed August 18, 2025).

Specifically, the Notice alleged that Inland's integrity management plan (IMP)*,*[2] *ETC Hazardous Liquids IMP* Rev. 10, Sept. 20, 2024), Section 7.3, *Discovery of Condition*, restated the regulatory requirement in section 195.452(h)(1)(ii) to take further remedial actions to ensure pipeline safety when a pressure reduction exceeds 365 days, but did not descibe how further remedial actions are determined. The Notice proposed ordering Inland to revise its IMP to describe, when a pressure reduction exceeds 365 days, how further remedial action is determined to ensure the safety of the pipeline.

Energy Transfer Response

Energy Transfer contested the allegation in the Notice in its Response for three reasons. First, Energy Transfer argued that the IMP complies with section 195.452(h)(1)(ii), because "[t]he plain language of § 195.452(h)(1)(ii) does not require an operator to describe in its procedures or plans 'how' further remedial action is determined to ensure the safety of the pipeline when a pressure reduction exceeds 365 days." Energy Transfer further asserted that because "[s]ituations wherein a pressure reduction exceeds 365 days vary greatly as do the conditions for which the pressure reduction was initially implemented[,] . . . the additional actions an operator may elect to take when a pressure reduction exceeds 365 days can vary greatly as well." Energy Transfer quoted from the preamble to the final rule prescribing section 195.452(h)(1)(ii) to support these positions, noting that PHMSA acknowledged that "[t]he rule provides the operator flexibility to determine the most appropriate action to take."

Second, Energy Transfer asserted that PHMSA's Enforcement Guidance "does not indicate that an operator must describe in in [sic] its procedures or plans 'how' further remedial action is determined to ensure the safety of the pipeline when a pressure reduction exceeds 365 days." Energy Transfer also noted that PHMSA's Enforcement Guidance only lists as examples of a probable violation, or inadequate procedures related to section 195.452(h)(1)(ii): "1) 'failure to take additional remedial actions when a pressure reduction exceeded 365 days' and 2) 'a failure to notify PHMSA when a pressure reduction exceeded 365 days.'" Energy Transfer argued that the violation alleged in the Notice is not like the examples noted in the Enforcement Guidance and should be withdrawn.

Third, Energy Transfer argued that it found no prior PHMSA enforcement actions related to section 195.452(h)(1)(ii). The lack of prior enforcement, Energy Transfer stated, means that "industry has no reasonable and fair methodology to determine PHMSA's position on the matter and to measure such position against its own procedures and plans to ensure it is in compliance with the plain language of the regulation and the PHMSA expectation as to how § 195.452(h)(1) ii) should be implemented by the industry."

Director's Region Recommendation

The Director recommended that PHMSA issue an Order Directing Amendment as proposed in the Notice in the Region Recommendation. As to Energy Transfer's first argument, the Director explained that a procedure which simply parrots the language of a regulation can be deemed "inadequate to assure safe operation of a pipeline facility" under section 190.206. The Director

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[2] Inland Corporation and Energy Transfer share an integrity management plan.

cited prior PHMSA enforcement cases to support that proposition and stated that the evidence of record substantiates the inadequacy of Energy Transfer's IMP. Specifically, the Director noted that Inland identified increased right-of-way (ROW) patrols as the further remedial action taken after exceeding the 365-day pressure reduction limit, but that the record showed that Inland did not actually perform any increased ROW patrols. Rather, Inland continued to conduct ROW patrols at the same frequency as before reaching the 365-day limit. According to the Director, Inland's "'further remedial action' . . . was . . . a holding pattern from before the pressure restriction exceeded 365 days as opposed to additional or greater action," which "affirm[ed] Southwest Region's position that Inland's procedures lack sufficient detail to ensure that further remedial action is implemented and verified."

The Director also stated that the quoted language from the preamble to the final rule did not undermine the allegations in the Notice. The Director acknowledged that operators have significant discretion in determining the "further remedial actions" that should be taken under section 195.452(h)(1)(ii), but noted that Inland had not provided "any description of how such a determination could be made" in its IMP. The Director stated the IMP needed to include that information, particularly for the further remedial actions that may be required after exceeding the 365-day limit as "anomaly conditions can change in a year and may require a different response than whatever the operator has done so far."

Regarding Energy Transfer's second argument, the Director observed that PHMSA's Enforcement Guidance for section 195.452(h)(1)(ii) did not absolve Inland of its obligation to have adequate procedures. The Director explained that PHMSA's Enforcement Guidance does not limit his discretion to initiate an enforcement action for an alleged violation and that, in any event, the Enforcement Guidance for section 195.452(h)(1)(ii) lists "omissions or deficiencies in the information used in making decisions in regards to anomalous conditions that require remediation" as an example of a procedural inadequacy. Inland's failure to include anything in its IMP about the information that should be used in making determinations concerning the further remedial actions to be taken after exceeding the 365-day limit qualifies as such an omission or deficiency.

Finally, as to Energy Transfer's third argument, the Director stated that PHMSA's enforcement history supports the allegations in the Notice. While recognizing that PHMSA had not previously issued an order directing amendment to an operator for having inadequate procedures under section 195.452(h)(1)(ii), the Director pointed to other comparable cases involving inadequate procedures under sections 195.452(g)(1)-(4) and 195.404(c)(3). The Director argued that these cases demonstrate that Inland did not have adequate procedures in its IMP for implementing the requirements in section 195.452(h 1)(ii).

Analysis

Having considered the record and the factors in section 190.206(b)(1)-(4 ,[3] I find that Inland did

[3] Section 190.206(b)(1)-(4) prescribes the factors that the Associate Administrator may consider "[i]n determining the adequacy of an operator's plans or procedures." Id. Those factors include: 1) relevant pipeline safety data; 2) whether the plans or procedures are appropriate for the particular type of pipeline transportation or facility; 3) the reasonableness of the plans or procedures; and 4) the extent to which the plans or procedures contribute to public

not have adequate procedures in its IMP to ensure safe operation of a pipeline facility. It is undisputed that section 195.452(h)(1)(ii) requires an operator to "take further remedial action to ensure the safety of the pipeline" if a pressure reduction taken to address an integrity issue exceeds 365 days. It is also undisputed that Inland had an obligation to include a procedure in its IMP for implementing section 195.452(h)(1)(ii), and that Inland's procedure did nothing more than parrot or restate the language in section 195.452(h)(1)(ii). The sole issue to be decided in this case is whether such a procedure is adequate to ensure the safe operation of Inland's pipeline facilities under section 190.206.

The Director stands behind the allegations in the Notice, noting that PHMSA has said in prior enforcement actions initiated under section 190.206 that a "document that simply paraphrases PHMSA regulations and guidance and lacks the specificity necessary to show consideration of the unique features of an operator's system does not constitute an adequate procedure."[4] Energy Transfer takes the opposite position, arguing that an IMP is adequate under section 190.206 so long as Inland—and presumably every other pipeline operator—has a procedure that simply parrots or restates the text of section 195.452(h)(1)(ii). The Director's argument is more persuasive.

First, the obligation to develop and implement a written IMP would serve no useful purpose if an operator need only reiterate the text of section 195.452. Indeed, the written IMP would be entirely redundant if that is all that section 195.452 required as an operator could achieve compliance simply by printing out a written version of the regulation. The text, structure, purpose, and history of section 195.452 make clear that an operator must do more to meet its obligation to develop and implement a written IMP.

Second, the evidence of record demonstrates why a written IMP that simply parrots or restates the language of section 195.452(h)(1)(ii) is inadequate. Inland had such language in its IMP and failed to take any further remedial action to ensure the safety of its pipeline after exceeding the 365-day limit. While claiming to have implemented increased ROW patrols, the evidence indicates that Inland continued to perform ROW patrols at the same frequency.[5] In other words, as the Director explained in his Region Recommendation, Inland's "'further remedial action' . . . was . . . a holding pattern from before the pressure restriction exceeded 365 days as opposed to additional or greater action." Having failed to provide its personnel with any additional instruction on the factors that should be considered or the process that should be followed in making that decision, Inland's failure to implement any further remedial action after exceeding the 365-day limit is unsurprising.

Third, Energy Transfer's argument that section 195.452(h)(1)(ii) provides operators with

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safety. Id.; see also 49 U.S.C. § 60109(c)(9)(A)(iii) ("If the Secretary determines that a risk analysis or integrity management program does not comply with the requirements of this subsection or regulations issued as described in paragraph (2), has not been adequately implemented, or is inadequate for the safe operation of a pipeline facility, the Secretary may conduct proceedings under this chapter")

[4] *In the Matter of Tampa Bay Pipeline Corporation*, 2013 WL 5305819, at *8 (finding an operators procedures implementing § 195.452(i)(1) inadequate to assure the safe operation of a pipeline facility .

[5] Case File Exhibit A-3_Operator Emails_RE_ Regarding SRCR23-284972_12122024.

flexibility in determining the further remedial actions that should be taken is unavailing. The regulation does in fact provide operators with that flexibility—a point that the Director concedes in his Region Recommendation—but that does not mean that an operator can satisfy the "further remedial action" requirement in section 195.452(h)(1)(ii) by doing anything it wants—or, in this case, by doing nothing at all.[6] PHMSA has made clear that "whatever action is taken by an operator" must be "adequate to resolve the integrity concern on the pipeline for the long term."[7] For that reason, the written IMP must provide personnel with instruction on the factors that should be considered or the process that should be followed in making a decision about the further remedial action that is required to satisfy section 195.452(h)(1)(ii). Inland clearly failed to provide that instruction in its IMP.

Fourth, Energy Transfer's arguments regarding PHMSA's Enforcement Guidance fares no better. PHMSA's Enforcement Guidance is not intended to diminish or otherwise affect the authority of PHMSA to carry out its statutory, regulatory, or other official functions or to commit PHMSA to taking any action that is subject to its discretion.[8] Furthermore, as the Director noted in his Region Recommendation, PHMSA's Enforcement Guidance for section 195.452(h)(1) includes "omissions or deficiencies in the information used in making decisions in regards to anomalous conditions that require remediation" as an example of a probable violation or procedural inadequacy.[9] Inland's IMP provides no instruction on the decision-making process that personnel should use in satisfying the "further remedial action" requirement in section 195.452(h)(1), and the Enforcement Guidance itself provided Inland with fair notice that such an omission or deficiency could render its IMP inadequate.

Finally, Energy Transfer's argument regarding the lack of prior enforcement actions under section 195.452(h)(1)(ii) is unpersuasive. PHMSA is required to review the adequacy of an operator's integrity management procedures,[10] and this case is nothing more than a straightforward application of the criteria that apply in conducting those reviews to Inland's IMP.[11] Moreover, as the Director observed in his Region Recommendation, PHMSA has been

[6] Energy Transfer's suggestion that the "further remedial action" requirement in section 195.452(h)(1)(ii) can be satisfied by "simply continuing to maintain the pressure reduction" is incorrect. The language of the regulation makes clear that "[a]n operator must *also* take *further* remedial action to ensure the safety of the pipeline" after notifying PHMSA that the pressure reduction has exceeded the 365-day limit. Section 195.452(h)(1)(ii) (emphasis added). An operator who simply maintains an existing pressure reduction is not "also" taking any "further" remedial action within the ordinary meaning of either term. *See Also*, CAMBRIDGE DICTIONARY, https://dictionary.cambridge.org/us/dictionary/english/also (defining also as "in addition") (last accessed August 19, 2025), and the ordinary meaning of "further" is to a greater distance or degree, or at a more advanced level." *See Further*, CAMBRIDGE DICTIONARY, https://dictionary.cambridge.org/us/dictionary/english/further (defining further as "to a greater distance or degree, or at a more advanced level") (last accessed August 19, 2025).

[7] Pipeline Safety: Pipeline integrity Management in High Consequence Areas (Repair Criteria)," 67 FR 1650, 1652 Jan. 14, 2002).

[8] "Hazardous Liquid Integrity Management Enforcement Guidance Sections 195.450 and 452" (December 7, 2015), at 1, *available at* https://www.phmsa.dot.gov/pipeline/enforcement/hazardous-liquid-integrity-management-enforcement-guidance (last accessed August 19, 2025).

[9] *Id*. at 92.

[10] 49 U.S.C. § 60109(c)(9)(A)(iii).

[11] 49 CFR § 190.206(b)(1)-(4).

clear in conveying the requirements for operator procedures, including for the adequacy of procedures under section 195.452. PHMSA has also specifically stated in prior enforcement actions that failing to have specific procedures for performing an analysis or evaluation and merely paraphrasing PHMSA regulations or guidance does not constitute an adequate IMP.[12] The fact that those enforcement actions arose under different subsections of section 195.452 or involved different regulations in Part 195 does not mean that the same principles cannot be applied to section 195.452(h)(1)(ii).

Accordingly, after reviewing the evidence, I find that Inland's written integrity management program is inadequate to ensure safe operation of a pipeline facility in accordance with section 195.452(h)(1)(ii). Inland is hereby ordered to revise its procedures as specified above. Finalized procedures must be provided to the Southwest Region for review and approval.

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. The written petition must contain a statement of the issue(s) and meet all other requirements of 49 CFR § 190.243. The terms of the Order remain in effect until the Associate Administrator, upon request, grants a stay. The terms and conditions of this Order are effective upon service in accordance with 49 CFR § 190.5.

Respondent must amend its procedures, as required above, and submit them to the Director, PHMSA Southwest Region, OPS, within **30** days following receipt of this 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. 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.

LINDA GAIL DAUGHERTY
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Date: 2025.11.18 16:57:36 -05'00'

November 20, 2025

Linda Daugherty
Acting Associate Administrator
for Pipeline Safety

Date Issued

[12] *In the Matter of Tampa Bay Pipeline Corporation*, 2013 WL 5305819, at *3, 4, 8; see also *In the Matter of Explorer Pipeline Company*, 2015 WL 4882526, at *1-3.