

NOTICE OF AMENDMENT

VIA ELECTRONIC MAIL TO: vrosa@nesmidstream.com

May 29, 2025

Vidal Rosa
Senior Vice President of Operations
Navigator Energy Services
2807 Allen Street, #833
Dallas, Texas 75204

CPF 4-2025-028-NOA

Dear Mr. Rosa:

From August 5 to September 18, 2023, of the on-site inspection, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Navigator Panhandle Holdco, LLC's, and Navigator Ph Crossing LLC's (together, Navigator) procedures for its crude oil pipeline assets in Dallas, Texas.¹

As a result of the inspection, PHMSA has identified apparent inadequacies found within Navigator's plans or procedures. The items inspected and the alleged inadequacies and proposed revisions are described below:

1. **§ 195.402 Procedural manual for operations, maintenance, and emergencies.**
 - (a)
 - (c) **Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:**
 - (1)
 - (5) **Investigating and analyzing pipeline accidents and failures, including sending the failed pipe, component, or equipment for laboratory testing or examination where appropriate, to determine the cause(s) and contributing factors of the failure and to minimize the possibility of a recurrence.**
 - (i) ***Post-failure and -accident lessons learned.* Each operator must develop, implement, and incorporate lessons learned from a post-failure and accident review into its written procedures, including in**

¹ Navigator Panhandle Holdco, LLC, and Navigator Ph Crossing, LLC, are subsidiaries of Navigator Energy Services.

pertinent operator personnel training and qualifications programs, and in design, construction, testing, maintenance, operations, and emergency procedure manuals and specifications.

(ii) *Analysis of rupture and valve shut-offs; preventive and mitigative measures.* If a failure or accident on an onshore hazardous liquid or carbon dioxide pipeline involves the closure of a rupture-mitigation valve (RMV), as defined in § 195.2, or the closure of an alternative equivalent technology, the operator of the pipeline must also conduct a post-failure or -accident analysis of all of the factors that may have impacted the release volume and the consequences of the release, and identify and implement operations and maintenance measures to minimize the consequences of a future failure or accident. The analysis must include all relevant factors impacting the release volume and the consequences, including, but not limited to, the following:

(A) Detection, identification, operational response, system shut-off, and emergency-response communications, based on the type and volume of the release or failure event;

(B) Appropriateness and effectiveness of procedures and pipeline systems, including supervisory control and data acquisition (SCADA), communications, valve shut-off, and operator personnel;

(C) Actual response time from identifying a rupture following a notification of potential rupture, as defined at § 195.2, to initiation of mitigative actions and isolation of the segment, and the appropriateness and effectiveness of the mitigative actions taken;

(D) Location and timeliness of actuation of all RMVs or alternative equivalent technologies; and

(E) All other factors the operator deems appropriate.

(iii) *Rupture post-failure and accident summary.* If a failure or accident on an onshore hazardous liquid or carbon dioxide pipeline involves the identification of a rupture following a notification of potential rupture; the closure of an RMV, as those terms are defined in § 195.2; or the closure of an alternative equivalent technology, the operator must complete a summary of the post-failure or -accident review required by paragraph (c)(5)(ii) of this section within 90 days of the failure or accident. While the investigation is pending, the operator must conduct quarterly status reviews until the investigation is completed and a final post-failure or -accident review is prepared. The final post-failure or -accident summary and all other reviews and analyses produced under the requirements of this section must be reviewed, dated, and signed by the operator's appropriate senior executive officer. An operator must keep, for the useful life of the pipeline, the final post-failure or -accident summary, all investigation and analysis documents used to prepare it, and records of lessons learned.

Navigator's written procedures for conducting operations and maintenance activities were inadequate to provide for safe operation of a pipeline facility in accordance with § 195.402(c)(5). Specifically, Navigator's Liquid Operations Manual, *P-195.402(c)(5)/(e)(9): Analyzing Pipeline Accidents* (Effective Sept. 2023), failed to contain provisions for how Navigator will investigate and analyze pipeline accidents and failures, including developing, implementing, and incorporating post-failure and -accident lessons learned, performing an analysis of a rupture and valve shut-offs, and create a rupture post-failure and accident summary, if applicable, in accordance with § 195.402(c)(5)(i) – (iii). Therefore, Navigator must revise its manual to include procedures for carrying out all requirements of § 195.402(c)(5).

2. § 195.402 Procedural manual for operations, maintenance, and emergencies.

(a)

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(1)

(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.

§ 195.417 Notification of potential rupture.

(a) As used in this part, a notification of potential rupture means the notification to, or observation by, an operator (e.g., by or to its controller(s) in a control room, field personnel, nearby pipeline or utility personnel, the public, local responders, or public authorities) of one or more of the below indicia of a potential unintentional or uncontrolled release of a large volume of hazardous liquids or carbon dioxide from a pipeline:

(1) An unanticipated or unexplained pressure loss outside of the pipeline's normal operating pressures, as defined in the operator's written procedures. The operator must establish in its written procedures that an unanticipated or unplanned pressure loss is outside of the pipeline's normal operating pressures when there is a pressure loss greater than 10 percent occurring within a time interval of 15 minutes or less, unless the operator has documented in its written procedures the operational need for a greater pressure-change threshold due to pipeline flow dynamics (including changes in operating pressure, flow rate, or volume), that are caused by fluctuations in product demand, receipts, or deliveries;

(2) An unanticipated or unexplained flow rate change, pressure change, equipment function, or other pipeline instrumentation indication at the upstream or downstream station that may be representative of an event meeting paragraph (a)(1) of this section; or

(3) Any unanticipated or unexplained rapid release of a large volume of hazardous liquid or carbon dioxide, a fire, or an explosion, in the immediate vicinity of the pipeline.

Navigator's written procedures for conducting operations and maintenance activities were inadequate to provide for safe operation of a pipeline facility in accordance with § 195.402(c)(3). For example, a number of sections incorrectly reference paragraphs in § 195.417. Section 1.2.1 of Navigator's procedure requires notifying the National Response Center (NRC) within the timeframe specified in § 195.417(a); however, paragraph (a) does not state a specified timeframe. Section 1.2.2 of Navigator's procedure requires notifying the OPS within the timeframe specified in § 195.417(b); however, paragraph (b) does not state a specified timeframe. Additionally, Section 1.3 of Navigator's procedure requires retaining emergency response records for the duration specified in § 195.417(c); however, paragraph (c) does not state a specified duration for retaining emergency response records, and did not exist as of the effective date of the procedure.

Therefore, Navigator must revise its manual of written procedures to accurately reflect the requirements of § 195.417.

3. § 195.402 Procedural manual for operations, maintenance, and emergencies.

(a)

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(1)

(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.

§ 195.420 Valve maintenance.

(a)

(f) Each operator must implement remedial measures as follows to correct any valve installed on an onshore pipeline in accordance with § 195.258(c), or an RMV or alternative equivalent technology installed in accordance with § 195.418, that is indicated to be inoperable or unable to maintain effective shut-off:

(1) Repair or replace the valve as soon as practicable but no later than 12 months after finding that the valve is inoperable or unable to maintain shut-off. An operator may request an extension of the compliance deadline requirements of this section if it can demonstrate to PHMSA, in accordance with the notification procedures in § 195.18, that repairing or replacing a valve within 12 months would be economically, technically, or operationally infeasible; and

(2) Designate an alternative compliant valve within 7 calendar days of the finding while repairs are being made and document an interim response plan to maintain safety. Alternative compliant valves are not required to comply with valve spacing requirements of this part.

Navigator's written procedures for conducting operations and maintenance activities were inadequate to provide for safe operation of a pipeline facility in accordance with § 195.402(c)(3). Specifically, Navigator's Liquid Operations Manual failed to include procedures specifying the remedial measures required for rupture mitigation valves (RMVs) that are indicated to be inoperable or unable to maintain shut-off in accordance with § 195.420(f). Therefore, Navigator must revise its manual of written procedures to include procedures for remediating inoperable valves or valves unable to maintain shut-off in accordance with the requirements of § 195.420(f).

4. § 195.452 Pipeline integrity management in high consequence areas.

(a)

(b) *What program and practices must operators use to manage pipeline integrity?* Each operator of a pipeline covered by this section must:

(1) Develop a written integrity management program that addresses the risks on each segment of pipeline in the first column of the following table no later than the date in the second column:

(c) *What must be in the baseline assessment plan?*

(1) An operator must include each of the following elements in its written baseline assessment plan:

(i) The methods selected to assess the integrity of the line pipe. An operator must assess the integrity of the line pipe by in-line inspection tool(s) described in paragraph (c)(1)(i)(A) of this section for the range of relevant threats to the pipeline segment. If it is impracticable based upon the construction of the pipeline (e.g., diameter changes, sharp bends, and elbows) or operational limits including operating pressure, low flow, pipeline length, or availability of in-line inspection tool technology for the pipe diameter, then the operator must use the appropriate method(s) in paragraphs (c)(1)(i)(B), (C), or (D) of this section for the range of relevant threats to the pipeline segment. The methods an operator selects to assess low-frequency electric resistance welded pipe, pipe with a seam factor less than 1.0 as defined in § 195.106(e) or lap-welded pipe susceptible to longitudinal seam failure, must be capable of assessing seam integrity, cracking, and of detecting corrosion and deformation anomalies.

Navigator's written integrity management program (IMP) is inadequate as it failed to require an assessment of the integrity of the line pipe by in-line inspection tools unless it is impractical in accordance with § 195.452(c)(1)(i). Specifically, Navigator's Integrity Management Program Manual: Hazardous Liquid Pipelines (Rev. Dec. 31, 2023), section 3.2.2 Baseline IAP states that Navigator continues to use hydrostatic pressure testing as its baseline integrity assessment method for new and converted to service pipelines. Therefore, Navigator must update its IMP to require the use of in-line inspection tools as its method of baseline integrity assessments in accordance with § 195.452(c)(1)(i).

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. 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, revised procedures, or a request for a hearing under § 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 an Order Directing Amendment. If your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 60 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Navigator maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Bryan Lethcoe, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration.

In correspondence concerning this matter, please refer to **CPF 4-2025-028-NOA** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Bryan Lethcoe
Director, Southwest Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

cc: Vanessa Romero, EHS Regulatory Manager, Navigator Energy Services,
vromero@nesmidstream.com

Enclosure: *Response Options for Pipeline Operators in Enforcement Proceedings*