NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER

VIA ELECTRONIC MAIL TO: bill.johnson@p66.com

August 29, 2025

Bill Johnson
President, Phillips 66 Pipeline & DCP Midstream
Phillips 66
2331 Citywest Blvd.
Houston, TX 77042

CPF 4-2025-056-NOPV

Dear Mr. Johnson:

From July 16 to October 31, 2024, representatives 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 DCP Midstream Partners, LP's[1] (DCP) natural gas transmission pipeline systems and associated records in Texas, Oklahoma, and Kansas.

As a result of the inspection, it is alleged that DCP 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] DCP Midstream is a subsidiary of Phillips 66.

1. **§ 192.229 Limitations on welders and welding operators.**

(a) . . . .

(c) A welder or welding operator qualified under §192.227(a)-

(1) May not weld on pipe to be operated at a pressure that produces a hoop stress of 20 percent or more of SMYS unless within the preceding 6 calendar months the welder or welding operator has had one weld tested and found acceptable under either section 6, section 9, section 12 or Appendix A of API Std 1104 (incorporated by reference, see §192.7). Alternatively, welders or welding operators may maintain an ongoing qualification status by performing welds tested and found acceptable under the above acceptance criteria at least twice each calendar year, but at intervals not exceeding 7 1⁄2 months. A welder or welding operator qualified under an earlier edition of a standard listed in §192.7 of this part may weld, but may not re-qualify under that earlier edition; and,

DCP utilized a welder on pipe to be operated at a pressure that produces a hoop stress of 20 percent or more of SMYS without, within the preceding 6 calendar months, the welder having one weld tested and found acceptable in accordance with § 192.229(c)(1) and API Std. 1104 (Incorporated by reference § 192.7). Specifically, DCP failed to maintain adequate documentation to support the requalification of the welder on its 26-inch Line B pipeline project in calendar year 2024.

DCP's procedure *Welding Required Practice* (Rev. 3; Aug. 2020), Section 3.2.1: "Welder Qualification Testing and Requalification" states that a welder may be re-qualified by X-ray at most six months after their initial qualification test. After six months, the welder will be flagged as inactive, and must be re-qualified instead by destructive testing.

DCP records reviewed by PHMSA stated that a welder was qualified by destructive testing under the applicable procedures, P1E and P1F, on May 22, 2018. The welder in question maintained his qualification until November 1, 2019 by non-destructive examination (NDE) in accordance with § 192.229(c)(1) and DCP's procedure. However, DCP's records indicated that the welder in question did not re-qualify by destructive testing after November 1, 2019, and was instead re-qualified by X-ray on March 6, 2020. Thus, the welder in question should have been flagged as "inactive" and required to re-qualify with destructive testing.

In June 2024, the welder in question made multiple welds during DCP's pipe replacement project WO# 65049776 on the 26-inch Line B pipeline without being re-qualified by destructive testing after November 1, 2019.

Therefore, DCP utilized a welder on pipe operated at a pressure that produces a hoop stress of 20 percent or more of SMYS without, within the preceding 6 calendar months, the welder having one weld tested and found acceptable in accordance with § 192.229(c)(1) and API Std. 1104 (Incorporated by reference § 192.7).

2. **§ 192.463 External corrosion control: Cathodic protection.**

(a) Each cathodic protection system required by this subpart must provide a level of cathodic protection that complies with one or more of the applicable criteria contained in Appendix D of this part. If none of these criteria is applicable, the cathodic protection system must provide a level of cathodic protection at least equal to that provided by compliance with one or more of these criteria.

Appendix D to Part 192—Criteria for Cathodic Protection and Determination of Measurements

I. ***Criteria for cathodic protection.***

(A) Steel, cast iron, and ductile iron structures.

(1) A negative (cathodic) voltage of at least 0.85 volt, with reference to a saturated copper-copper sulfate half cell. Determination of this voltage must be made with the protective current applied, and in accordance with sections II and IV of this appendix.

(2) . . . .

II. ***Interpretation of voltage measurement.*** **Voltage (IR) drops other than those across the structure-electrolyte boundary must be considered for valid interpretation of the voltage measurement in paragraphs A (1) and (2) and paragraph B (1) of section I of this appendix.**

III. . . . .

IV. ***Reference half cells.***

(A) Except as provided in paragraphs B and C of this section, negative (cathodic) voltage must be measured between the structure surface and a saturated copper-copper sulfate half cell contacting the electrolyte.

DCP failed to consider voltage (IR) drop for valid interpretations of its voltage measurements while utilizing the Appendix D(I)(A)(1) criterion of a negative (cathodic) voltage of at least 0.85 volts (-850 mV) in accordance with § 192.463(a).

DCP used the Appendix D section (I)(A)(1) criteria of -850mV. DCP's procedure CORR-2200 *Application of Cathodic Protection Criteria*, referring to NACE SP0169-2007 Section 6.2.2.1.1, gives four options for consideration of IR drop when using the Appendix D(I)(A)(1) criterion, including measuring or calculating the voltage drop, reviewing historical cathodic protection system performance, evaluating the physical and electrical characteristics of the pipe and its environment; and determining if there is physical evidence of corrosion. However, DCP failed provide records indicating that it used any of the four options to incorporate IR drops in its annual pipe-to-soil survey for approximately 90 miles of 26-inch and 30-inch Line B pipelines from Beaver to Mullinville.

After the inspection, DCP responded to PHMSA's Post-Inspection Written Preliminary Findings Report on February 10, 2025, and stated DCP experienced a leak event in May 2024 due to external corrosion, which it concluded was unrelated to any issues with its cathodic protection system. However, DCP failed to provide any records which support that it fully evaluated physical evidence of corrosion, or any of the other options in its procedure in its interpretations of its voltage measurements.

Therefore, DCP failed to consider voltage (IR) drop for valid interpretations of its voltage measurements while utilizing the Appendix D(I)(A)(1) criterion of a negative (cathodic) voltage of at least 0.85 volts (-850 mV) in accordance with § 192.463(a).

3. § 192.619 Maximum allowable operating pressure - Steel or plastic pipelines

(a) No person may operate a segment of steel or plastic pipeline at a pressure that exceeds a maximum allowable operating pressure (MAOP) determined under paragraph (c), (d), or (e) of this section, or the lowest of the following:

(1) . . . .

(3) The highest actual operating pressure to which the segment was subjected during the 5 years preceding the applicable date in the second column. This pressure restriction applies unless the segment was tested according to the requirements in paragraph (a)(2) of this section after the applicable date in the third column or the segment was uprated according to the requirements in subpart K of this part:

Pipeline segment	Pressure date	Test date
(i) Onshore regulated gathering pipeline (Type A or Type B under § 192.9(d)) that first became subject to this part (other than § 192.612) after April 13, 2006	**March 15, 2006, or date line becomes subject to this part, whichever is later.**	**5 years preceding applicable date in second column.**
(ii) Onshore regulated gathering pipeline (Type C under § 192.9(d)) that first became subject to this part (other than § 192.612) on or after May 16, 2022	**May 16, 2023, *or date pipeline becomes subject to this part, whichever is later***	**5 years preceding applicable date in second column.**
(iii) Onshore transmission pipeline that was a gathering pipeline not subject to this part before March 15, 2006	**March 15, 2006, or date pipeline becomes subject to this part, whichever is later**	**5 years preceding applicable date in second column.**
Offshore gathering lines.	**July 1, 1976**	**July 1, 1971.**
All other pipelines.	**July 1, 1970**	**July 1, 1965**

(b) . . . .

(c) The requirements on pressure restrictions in this section do not apply in the following instances:

(1) An operator may operate a segment of pipeline found to be in satisfactory condition, considering its operating and maintenance

history, at the highest actual operating pressure to which the segment was subjected during the 5 years preceding the applicable date in the second column of the table in paragraph (a)(3) of this section. An operator must still comply with § 192.611.

DCP failed to establish a Maximum Allowable Operating Pressure (MAOP) for its pipeline in accordance with § 192.619(c)(1). Specifically, DCP failed to provide the highest actual operating pressure to which the segment was subjected during the 5 years prior to July 1, 1970, for approximately 89 miles of 26-inch and 30-inch Line B pipelines (Mainline) from Beaver to Mullinville in accordance with § 192.619(c)(1).

During the inspection, DCP provided three documents purporting to describe the highest actual operating pressure to which the segment was subjected in the five years prior to July 1, 1970: *Corporate Engineering & Research #35-02-Engineering Approval Form* ("Gold Sheet # 169"), *Form No. 3580 Summary – System MAOP Qualification* ("Form 3580"), and *Form No. 3579 Segment MAOP – Qualification* ("Form 3579"). First, Gold Sheet # 169 does not indicate the highest actual operating pressure of the relevant time period. The document merely states that the pipeline is qualified to operate at 800 psig in accordance with § 192.619(c) without reference to a test or measurement. In addition, the form is not contemporaneous with the relevant time period, and instead was approved by various personnel in calendar years 1973 and 1974. Similarly, Form 3580 states that the system has been reviewed and found qualified to operate at 800 psig but does not reference a specific test and was signed in 1973. Lastly, Form 3579, Step IV states that the pipeline experienced 800 psig for 24 hours on June 30, 1970, referencing Dispatcher's "Log Book No. 1970" and verified by a DCP representative on August 1, 1972. However, DCP could not produce Log Book No. 1970. Without the log book itself, DCP failed to provide direct evidence of the highest actual operating pressure in the relevant time period. An after-the-fact declaration such as Form 3579 usually cannot take the place of a contemporary record. See 77 Fed. Reg. 26,822, 26,823 (May 7, 2012) ("In general, the only acceptable use of an affidavit would be as a complementary document, prepared and signed at the time of the test or inspection by an individual who would have reason to be familiar with the test or inspection."). In addition, Form 3579 was signed in November 1973, suggesting that the form is a third-hand verification which is not contemporaneous with the time period relevant to the regulation.

Therefore, DCP failed to establish a Maximum Allowable Operating Pressure (MAOP) for its pipeline in accordance with § 192.619(c)(1).

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed $272,926 per violation per day the violation persists, up to a maximum of $2,729,245 for a related series of violations. For violation occurring on or after December 28, 2023 and before December 30, 2024, the maximum penalty may not exceed $266,015 per violation per day the violation persists, up to a maximum of $2,660,135 for a related series of violations. For violation occurring on or after January 6, 2023 and before December 28, 2023, the maximum penalty may not exceed $257,664 per violation per day the violation persists, up to a maximum of $2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022 and before January 6, 2023, the maximum penalty may not exceed $239,142 per violation per day the violation persists, up to a maximum of $2,391,412 for a related series of violations. For violation occurring on or after May 3, 2021 and before March 21, 2022, the maximum penalty may not 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.

We have reviewed the circumstances and supporting documentation involved for the above probable violations and recommend that you be preliminarily assessed a civil penalty of $37,200 as follows:

Item number	PENALTY
1	$ 37,200

Proposed Compliance Order

With respect to Items 2, and 3 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to DCP Midstream, LP. 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. All material you submit in response to this enforcement action may be 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 your receipt of this Notice, you have 30 days to respond as described in the enclosed *Response Options*. 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. The Region Director may extend the period for responding upon a written request timely submitted demonstrating good cause for an extension.

In your correspondence on this matter, please refer to **CPF 4-2025-056-NOPV** 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

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

cc: Doug B. Sauer, Manager, Pipeline Regulatory Affairs, Phillips 66, doug.b.sauer@p66.com
Michael Pavlak, Director, DOT Gas Operations Compliance, Phillips 66, Michael.pavlak@p66.com
Jeff Shouse, Director, DOT Compliance, Phillips 66, jeff.d.shouse@p66.com

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to DCP Midstream Partners, LP (DCP) a Compliance Order incorporating the following remedial requirements to ensure the compliance of DCP with the pipeline safety regulations:

A. In regard to Item 2 of the Notice, pertaining to DCP's failure to consider voltage (IR) drop for valid interpretations of its voltage measurements while utilizing the Appendix D(I)(A)(1) criterion of a negative (cathodic) voltage of at least 0.85 volts (-850 mV) in accordance with § 192.463(a), DCP must use its procedure to conduct an analysis considering IR drop in interpreting its voltage measurements. DCP must provide a summary report, including any remedial action required by further investigation at these locations as a result of the analysis, to Bryan Lethcoe, Director, Southwest Region, PHMSA within **60** days of receipt of the Final Order.

C. In regard to Item 3 of the Notice, pertaining to DCP's failure to establish a Maximum Allowable Operating Pressure (MAOP) for its pipeline in accordance with § 192.619(c)(1), DCP must establish a plan to collect records to demonstrate compliance with § 192.619, reconfirm MAOP in accordance with the requirements of § 192.624(c), or conduct a hydrotest to establish an MAOP for the Mainline from Beaver to Mullinville segment. DCP must provide the plan to Bryan Lethcoe, Director, Southwest Region, PHMSA, within **60** days of receipt of the Final Order.

D. It is requested (not mandated) that DCP maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Bryan Lethcoe, Director, Southwest Region, Office of Pipeline Safety, 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.