By Electronic Mail

May 12, 2026

Mr. Bryan Lethcoe
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration
US Department of Transportation
8701 South Gessner, Suite 630
Houston, Texas 77074

Re: CPF 4-2026-019-NOPV

Dear Mr. Lethcoe:

Permian Express Partners ("PEP" or "the Company") is in receipt of the Pipeline and Hazardous Materials Safety Administration's ("PHMSA") Notice of Probable Violation ("NOPV"), Proposed Civil Penalty ("PCO") and Proposed Compliance Order ("PCO") (collectively referred to as the "Notice") issued on March 13, 2026 and received by PEP on the same day. The Notice alleges two (2) violations and includes a PCO requiring remedial actions to ensure compliance with the pipeline safety regulations.

On March 18, 2026, PEP requested PHMSA provide the Case File and also requested an extension of time until May 12, 2026 to respond to the Notice. The Case File was provided to PEP on March 19, 2026 and the extension of time to respond until May 12, 2026 was approved by PHMSA on March 18, 2026; thus, this response is timely.

By way of background, this Notice was issued following an inspection of the PEP pipeline system in Illinois, Missouri, Arkansas, and Texas from February 26 through August 16, 2024.

The Company appreciates PHMSA's review and consideration of this submission and shares PHMSA's commitment to pipeline safety, public safety, and pipeline integrity. PEP will continue to cooperate fully with PHMSA and operate its pipeline systems in compliance with all applicable sections of the federal pipeline safety regulations.

Should you have any questions or concerns please contact me at (713) 989-7126 or via email at **todd.nardozzi@energytransfer.com**.

Sincerely,

Todd Nardozzi
Digitally signed by Todd Nardozzi
Date: 2026.05.12 17:26:03 -05'00'

Todd Nardozzi
Director – DOT Compliance

1. § 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) . . . .

(2) Include in the program an identification of each pipeline or pipeline segment in the first column of the following table not later than the date in the second column:

Pipeline	**Date**
Category 1	**December 31, 2001.**
Category 2	**November 18, 2002.**
Category 3	**Date the pipeline begins operation.**

Permian Express failed to include in its Integrity Management (IM) Program an identification of each pipeline or pipeline segment in accordance with § 195.452(b)(2). Specifically, Permian Express did not identify the Patoka Pump Station and Tank Farm located in Patoka, Illinois as a facility that could affect HCAs.

The Permian Express pipeline segment from Patoka Pump Station and Tank Farm to Corsicana Station has been "in-service deferred" purged of product and under inert pressure since Permian Express acquired the asset on December 31, 2016. The Patoka Pump Station and Tank Farm includes three pump stations and 21 breakout tanks (BOTs) that transport hazardous liquids to other active and filled pipelines owned by several other operators as well as Permian Express's parent company, Energy Transfer DAPL pipeline system. During the inspection, Permian Express stated the facility was not identified as a could affect HCAs because the Permian Express pipeline is "in-service deferred," despite the Patoka Pump Station and Tank Farm itself being used in the transportation of hazardous liquids to other active pipelines.

Therefore, Permian Express failed to include in its Integrity Management (IM) Program an identification of each pipeline or pipeline segment in accordance with § 195.452(b)(2).

<u>Proposed Civil Penalty</u>

$63,300

<u>PEP Response</u>

PEP acknowledges the notice regarding § 195.452(b)(2) and without admission has undertaken measures to confirm the Patoka Tank Farm as a "facility that could affect an HCA" in accordance with its hazardous liquid pipeline Integrity Management Program ("IMP"). Specifically, the Patoka Tank Farm spill analysis was completed on February 27, 2025 and the Company GIS group utilized the results of that modeling to determine that the facility does indirectly impact an HCA.

PEP notes that while the Patoka Tank Farm is in active service, the mainline pipeline from the tank farm to the Corsicana, Texas facility remains in an in-service deferred status, purged of hydrocarbons, and maintained under inert pressure.

Additionally, PHMSA incorrectly states in the NOPV that the Patoka Tank Farm facility "transport hazardous liquids to other active and filled pipelines owned by several other operators as well as Permian Express's parent company, Energy Transfer DAPL pipeline system." PHMSA incorrectly referenced "Energy Transfer DAPL" as the parent company of PEP. The parent company is Energy Transfer and not "Energy Transfer DAPL." The DAPL-ETCO Operations Management pipeline system (OPID 39205) is a fully separate pipeline entity and only delivers crude oil to the PEP Patoka Tank Farm facility.

2. § 195.452 Pipeline integrity management in high consequence areas.

(a) . . . .

(i) What preventive and mitigative measures must an operator take to protect the high consequence area?

(1) General requirements. An operator must take measures to prevent and mitigate the consequences of a pipeline failure that could affect a high consequence area. These measures include conducting a risk analysis of the pipeline segment to identify additional actions to enhance public safety or environmental protection. Such actions may include, but are not limited to, implementing damage prevention best practices, better monitoring of cathodic protection where corrosion is a concern, establishing shorter inspection intervals, installing EFRDs on the pipeline segment, modifying the systems that monitor pressure and detect leaks, providing additional training to personnel on response procedures, conducting drills with local emergency responders and adopting other management controls.

Permian Express failed to conduct a risk analysis for each pipeline to identify additional actions to enhance public safety or environmental protection in accordance with § 195.452(i)(1) and its written procedures. Specifically, Permian Express failed to conduct a risk analysis for the Patoka Pump Station and Tank Farm in Patoka, Illinois.

Energy Transfer's *Hazardous Liquids Integrity Management Plan (Rev.10, Rev. Date: Sep. 20, 2024)* Section 5 establishes criteria to conduct risk analysis and prioritization of pipelines, including pipelines which could affect HCAs. During the inspection, Permian Express did not produce records indicating that it conducted such an analysis of the Patoka Pump Station and Tank Farm.

Therefore, Permian Express failed to conduct a risk analysis for each pipeline to identify additional actions to enhance public safety or environmental protection in accordance with §

195.452(i)(1) and its written procedures. This is a repeat violation of Item 3 in CPF No. 4-2022-040-NOPV.

Proposed Civil Penalty

$137,700

Proposed Compliance Order

In regard to Item 2 of the Notice pertaining to Permian Express's failure to conduct a risk analysis for each pipeline to identify additional actions to enhance public safety or environmental protection in accordance with § 195.452(i)(1) and its written procedures, Patoka must conduct a risk analysis of the Patoka Pump Station and Tank Farm and provide the results to the Director, Southwest Region within **90** days of receipt of the Final Order.

PEP Response

PEP acknowledges the PHMSA notice regarding § 195.452(i)(1) that a documented risk analysis was not conducted for the Patoka Tank Farm in Patoka, Illinois, as required by the Integrity Management (IM) regulations and the Company hazardous liquid pipeline IMP.

At the time of the inspection, Permian Express was unable to produce records demonstrating that a formal risk analysis consistent with Section 5 of the Energy Transfer Hazardous Liquids Integrity Management Plan (Rev. 10, Rev. Date: September 20, 2024) had been completed for the Patoka Tank Farm. As noted during the inspection by PEP and by PHMSA in Item 1 of this Notice, the absence of documentation resulted from the facility's historical classification and treatment as "in-service deferred" within the IM Program and not from an intentional disregard of safety or regulatory requirements.

PEP does not contest this finding, including PHMSA's determination that this matter constitutes a repeat violation of Item 3 in CPF No. 4-2022-040-NOPV. It is important to note, however, that this repeat violation is not specifically related to the Patoka Tank Farm facility. CPF No. 4-2022-040-NOPV involved two (2) separate PEP facilities in Texas inspected by PHMSA in 2021. In that matter, PEP took prompt action to address the PHMSA findings by completing one (1) facility risk analysis prior to the close of that PHMSA inspection and the other shortly thereafter the inspection. Both were provided to PHMSA as required by the PCO in that matter and found by the agency to be complete and in compliance with all applicable IM regulations and the Company hazardous liquid pipeline IMP and the matter was closed by PHMSA on March 28, 2024.

Further, PEP is currently nearing completion a formal, documented risk analysis for the Patoka Tank Farm in accordance with § 195.452(i)(1) and Section 5 of the Company hazardous liquid pipeline IMP. The analysis will evaluate applicable threats, consequences, and risk drivers and will identify any additional preventive or mitigative measures, as appropriate. The completed risk analysis report will be provided to PHMSA as required by the PCO. Any preventive or mitigative measures identified through this risk analysis will be evaluated, prioritized, and implemented as warranted to enhance public safety and environmental protection.

While PEP is not contesting this current finding of probable violation and acknowledges the repeat violation of § 195.452(i)(1) albeit occurring at facilities other than the Patoka Tank Farm facility the Company requests that PHMSA reduce the proposed penalty amount based on the following mitigating factors:

- **Operational Controls in Place**
  The facility has continuously operated under established operational, maintenance, and emergency response controls consistent with Company standards, which provided a baseline level of protection despite the absence of a formal IM risk analysis document.
- **Good-Faith Reliance on Historical Classification**
  The omission stemmed from good-faith reliance on the facility's historical treatment and pipeline operational status, rather than a failure to recognize IM obligations for facilities that participate in hazardous liquid transportation.
- **Prompt Cooperation with PHMSA**
  PEP fully cooperated with PHMSA during the inspection and has proactively initiated corrective actions following identification of the issue and in advance of PHMSA enforcement.

Permian Express remains committed to full compliance with PHMSA's Integrity Management requirements and to continuous improvement of its IM Program. The Company believes the corrective actions described above, combined with its demonstrated good-faith efforts, supports the reduction of the proposed civil penalty associated with this item and appreciates PHMSA's consideration of such.