WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 16, 2019

Mr. David Dehaemers
President
Tallgrass Pony Express Pipeline, LLC
370 Van Gordon St.
Lakewood, CO 80228

CPF 5-2019-5001W

Dear Mr. Dehaemers:

From October 29 through November 2, 2018, two representatives of the Pipeline & Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, completed a construction field inspection of the Wyoming, Tallgrass Pony Express Pipeline's Guernsey Terminal and its associated laterals. Inspection of the construction site included: (a) four 150,000 BBL Tanks, (b) two, twenty-inch diameter, pipelines, (c) and an additional sixteen-inch diameter lateral at the new Guernsey Terminal. The new pipeline facilities were being constructed from the existing Guernsey pump station and terminated at the new Guernsey Terminal. As part of the inspection, the representatives also reviewed your construction, operation and maintenance procedures, and records documenting the implementation of those procedures.

During our inspection, the following probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR) were noted. The potential regulatory deficiencies observed and probable violation(s) are:

1 **§195.246 Installation of pipe in a ditch.**
(a) All pipe installed in a ditch must be installed in a manner that minimized the introduction of secondary stresses and the possibility of damage to the pipe.

The pipe being installed in the ditch was not following Tallgrass construction standards developed to minimize secondary stresses and possible damage.

Per Tallgrass Construction Standards, Section: C1090, Title: Lowering-In Pipe, Revised 02/10/2014; 3. Lowering-In Pipeline,

> 3.13. Pipe shall be lowered into trench gradually and uniformly so that each joint of suspension bears a proportional part of total pipe weight. The maximum distance between points of suspension is designated based upon the outside diameter (OD) and wall thickness (wt). Calculation of the maximum distance is performed by engineering and communicated to the project manager. The project manager is responsible for communicating the maximum distance associated with his/her projects.

Pipe being lowered into the trench appeared to exceed the distance allowed for unsupported pipe length. The roller sling's distance from the end of pipe being lowered was too great and may have caused undue stress on the pipe and the recently welded girth welds by not proportionally bearing a part of the total pipe weight. Two roller booms were used but a third boom, near the pipe end being lowered into the trench, would have alleviated the stress.

2 **§195.202 Compliance with specifications or standards.**
Each pipeline system must be constructed in accordance with comprehensive written specifications or standards that are consistent with the requirements of this part.

The pipe was not being constructed in compliance with Tallgrass's comprehensive written specifications. Observed non-compliances include:

a) Per Tallgrass Construction Standards, Section: C1090, Title: Lowering-In Pipe, Revised 02/10/2014; 2. General,

> 2.4 Where trench runs through rock, trench sides and bottom shall be cleared of all loose or projecting rock. Contractor shall provide a continuous 4-inch padding of earth or sand in trench bottom. The pipe shall conform to bottom contours of the trench grade so that it is uniformly and continuously supported. The pipe shall not be closer than 6-inches to either side of the trench.

Pipe which had been already lowered into trench lacked the adequate and continuous support (sandbags underneath) while sitting in the ditch to conform to the bottom contours of the trench grade. In certain areas, pipe does not track but sags due to support(s) not being spaced near enough to one another.

b) Per Tallgrass Construction Standards, Section: C1040, Title: Unloading, Hauling, and Stringing Materials, Revised 06/10/2013; 2. Unloading Material, 2.7:

> To avoid damage to materials or equipment during stockpiling, hauling, stringing, or loading and unloading from trucks or railroad cars, Contractor shall provide material-handling equipment and tools to avoid damage of any kind. Equipment used in handling, transporting, storing, and laying pipe shall be padded effectively to prevent damage to pipe or coating.

Rope or cushion was not placed between pipe and skids in multiple locations during stringing/welding process. Pipe was directly touching wood skids. When laying of the pipe during stringing, operator did not effectively pad the skids to prevent damage to the pipe or its coating.

c) Per Tallgrass O&M Procedure, Section: OM407_GL, Title: Welding Procedures and Selection Guide, Effective: June 1, 2018;

3.2. Multiple Filler Metal Options

a. Many of the Tallgrass welding procedures include a choice of welding options to join a specific range of O.D., wall thickness and pipe grade using different electrode classes and electrode diameters. The options are indicated within the procedure by subsections A, B, C, etc. The project manager must direct the welder(s) to follow the specific procedure and subsection (if applicable) prior to the start of work. The welding inspector must indicate on any written document the specific procedure and subsection (if applicable) used during the welder testing and project. The welding inspector will verify that the welder is following the appropriate welding parameters including volts, amps, travel speed, rod type and size.

Welder's bucket on truck had welding rods which were not supported by Tallgrass's standard welding procedure for pipeline construction. In addition, these existing rods were not the designated rod type(s) in Tallgrass's repair procedure. Thus, welding inspector failed to verify the welder had appropriate rod type in their bucket. These rods remained in the bucket for duration of the welding examination for at least three pipe joints and posed the risked of being mistakenly used. The required rod type for the additional weld passes were not present in the welding bucket as well.

d) Per Tallgrass O&M Procedure, Section: OM406_GL, Title: Weld Inspections and Testing, Effective: June 1, 2018; 3. Core information and Requirements

A Tallgrass Certified Welding Inspector1 (TCWI) must inspect each weld to ensure that the proper welding procedure was followed and that the finished weld meets applicable standards and codes. For natural gas or hazardous liquids pipelines and related facilities a Company welder is permitted to act as the welding inspector.

External Undercut (UC) in a weld occurred at one repair location causing a UC defect. This was not discovered during visual inspection by the WI but later discovered during Non-Destructive Testing (NDT) and film review. Weld was shallow to bevel height and did not appear to be capped over the bevel edges when visually examined during inspection of the weld. WI should have observed this visually upon completion of the weld during construction.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed $209,002 per violation per day the violation persists, up to a maximum of $2,090,022 for a related series of violations. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed $200,000 per violation per day, with a maximum penalty not to exceed $2,000,000 for a related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item(s) identified in this letter during future construction activities. Failure to do so will result in Tallgrass Pony Express Pipeline, LLC being subject to additional enforcement action. No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2019-5001W.** 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).

Sincerely,

Chris Hoidal
Acting Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP 60 Compliance Registry
PHP-500 H.M. Flaherty (#157168)