

WARNING LETTER

VIA ELECTRONIC MAIL TO: Michael.Matlock@twineagle.com

September 22, 2023

Mr. Michael Matlock
VP of Compliance
Twin Eagle Midstream Assets, LLC
1700 City Plaza Dr., Suite 500
Spring, TX 77389

CPF 5-2023-007-WL

Dear Mr. Matlock:

Between November 8, 2022, and November 10, 2022, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Twin Eagle Midstream's Powder River Basin Connector Hazardous Liquid (HL) System in Converse County, Wyoming.

As a result of the inspection, it is alleged that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected, and the probable violations are:

1. **§ 194.7 Operating restrictions and interim operating authorization.**
 - (a)
 - (b) **An operator must operate its onshore pipeline facilities in accordance with the applicable response plan.**

Twin Eagle Midstream failed to provide records demonstrating the onshore pipeline facilities were operated in accordance with the applicable response plan. Specifically, Twin Eagle Midstream failed to provide records for performing an annual spill management exercise in

accordance with the drill program outlined in its response plan for the calendar year of 2021. Twin Eagle Midstream's response plan required it to conduct multiple drills including an annual Oil Pollution Act (OPA) drill. However, during the inspection, Twin Eagle Midstream could not produce documentation demonstrating an OPA drill had been conducted for the calendar year of 2021.¹

Therefore, Twin Eagle Midstream failed to comply with § 194.7(b) by performing an annual OPA drill as required by the National Preparedness for Response Exercise Program (PREP) guidelines and applicable response plan in 2021.

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

(a)

(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.

Twin Eagle Midstream failed to comply with § 195.452(c)(1)(i) as it was unable to provide in its baseline assessment plan the method selected to assess the integrity of the pipeline by in-line inspection (ILI) tool(s) for the range of relevant threats to the pipeline segment.² Specifically, the pipeline safety regulations require an operator to conduct a baseline assessment of the integrity of the pipeline using ILI tool(s).³ However, during the inspection, Twin Eagle Midstream could

¹ See 49 C.F.R. §194.107(c)(1)(ix) (requiring operators to include a drill program within their response plan that follows the National Preparedness for Response Exercise Program (PREP) or equivalent guidelines.)

²Utilizing NPMS, Twin Eagle Midstream determined in 2022, that the Powder River Basin Connector crude system was within the vicinity of an HCA.

³See 49 C.F.R. §195.452(c)(1)(i)(A) (requiring operators to utilize in-line inspection tool or tools capable of detecting corrosion and deformation anomalies including dents, gouges, and grooves. For pipeline segments with an identified or probable risk or threat related to cracks (such as at pipe body or weld seams) based on the risk factors specified in paragraph (e), an operator must use an in-line inspection tool or tools capable of detecting crack anomalies. When performing an assessment using an in-line inspection tool, an operator must comply with § 195.591. An operator using this method must explicitly consider uncertainties in reported results (including tool tolerance, anomaly findings, and unity chart plots or equivalent for determining uncertainties) in identifying anomalies).

not provide any records demonstrating it had performed any ILI tool integrity assessments for assessing the integrity of "piggable" (practicable) pipe segments.

Therefore, Twin Eagle Midstream failed to comply with § 195.452(c)(i) by not performing a baseline assessment of the pipeline's integrity with ILI tools.

3. § 195.579 What must I do to mitigate internal corrosion?

(a)

(b) *Inhibitors.* If you use corrosion inhibitors to mitigate internal corrosion, you must—

(1) Use inhibitors in sufficient quantity to protect the entire part of the pipeline system that the inhibitors are designed to protect;

Twin Eagle Midstream failed to comply with § 195.579(j)(1) by not utilizing corrosion control inhibitors in a sufficient quantity. Specifically, during the inspection, Twin Eagle Midstream could not provide records demonstrating corrosion control inhibitors were used in a sufficient quantity. § 195.589 requires operators to investigate, mitigate, and keep records of the corrosive effects of the hazardous liquid transported through the pipeline.⁴ While reviewing Twin Eagle Midstream's records, PHMSA found the operator had failed to perform inhibitor and corrosive effect sampling, testing, and analysis in-line with their procedures.⁵ Additionally, Twin Eagle Midstream could not provide liquid laboratory or corrosion inhibitor rate analyses for any batches transported in 2019, 2020, 2021, and 2022. Without conducting and analyzing the tests required, Twin Eagle Midstream could not accurately determine it was utilizing sufficient concentrations of corrosion control inhibitor to mitigate internal corrosion.

Therefore, Twin Eagle Midstream failed to comply with § 195.579 by not utilizing sufficient concentrations of corrosion inhibitor to mitigate internal corrosion.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to 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 \$2,391,142 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. For violation occurring on or after November 27, 2018, and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2,

⁴ See 49 C.F.R. § 195.589(a) and (c).

⁵ See Corrosion Control Procedures at 10.4, 10.5, 10.5.4.

2015, and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022.

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 items identified in this letter. Failure to do so will result in Twin Eagle Midstream 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 5-2023-007-WL**. 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,

Dustin Hubbard
Director, Western Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 M. Mulligan, M. Flaherty (#22-232556)
Robert Littlepage – Twin Eagle EHS Field Manager, Robert.Littlepage@teterminals.com