

WARNING LETTER

VIA ELECTRONIC MAIL TO: adam.shelley@midstreamlpg.com

June 2, 2025

Mr. Adam Shelley
VP Operations and Transportation
Casper Crude to Rail, LLC
3900-205 5th Avenue SW
Calgary, AB, Canada T2P2V7

CPF 5-2025-001-WL

Dear Mr. Shelley:

From October 21 through 25, 2024 and April 1 through 3, 2025, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), conducted an on-site inspection of Casper Crude to Rail, LLC's (Casper or Operator) hazardous liquid pipeline facility in Casper, 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 item inspected and the probable violation is:

1. § 195.573 What must I do to monitor external corrosion control?

(a) ...

(d) Breakout tanks. You must inspect each cathodic protection system used to control corrosion on the bottom of an aboveground breakout tank to ensure that operation and maintenance of the system are in accordance with API RP 651 (incorporated by reference, *see* § 195.3). However, this inspection is not required if you note in the corrosion control procedures established under § 195.402(c)(3) why

complying with all or certain operation and maintenance provisions of API RP 651 is not necessary for the safety of the tank.

Casper failed to inspect its cathodic protection systems on each of its breakout tanks to ensure that the operation and maintenance of each system was working in accordance with API RP 651, as required. Specifically, during the PHMSA inspection, the PHMSA inspector observed through on-site readings and review of Casper's annual cathodic surveys, cathodic protection readings below the requirements of API RP 651, Section 8.2.

API RP 651 states in Section 8.2 that the criteria required for adequate cathodic protection requires a negative (-) 850 milli-Volts (mV) on,¹ a -850 mV polarized potential using "instant off" technique,² or a minimum of 100 mV of cathodic polarization measured between the tank bottom metallic surface and a stable reference electrode contacting the electrolyte.³

It was observed in the field that the Operator did not have adequate cathodic protection on multiple breakout tanks within the tank yard. Specifically, Tank 2, Tank 4 and Tank 6 had readings below a -850 mV on and off during testing. In addition, during the field observations low readings, measuring in the -300 to -400 mV range that was not meeting the 100 mV shift criteria, were taken in the southeast and northeast quadrant areas of Tank 2, Tank 4 and Tank 6. A review of the annual cathodic surveys for the calendar years of 2023 and 2024 confirmed that the observed low readings were not an anomaly.

Therefore, Casper failed to inspect its cathodic protection systems on each of its breakout tanks to ensure that the operation and maintenance of each system was working in accordance with API RP 651 as required pursuant to § 195.573(d).

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 \$2,391,142 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

¹ API Recommend Practice 651, Cathodic Protection of Aboveground Petroleum Storage Tanks, 4th edition, September 2014, Section 8.2.2.1

² API Recommend Practice 651, Cathodic Protection of Aboveground Petroleum Storage Tanks, 4th edition, September 2014, Section 8.2.2.2

³ API Recommend Practice 651, Cathodic Protection of Aboveground Petroleum Storage Tanks, 4th edition, September 2014, Section 8.2.2.3

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.

Also, for each violation involving LNG facilities, an additional penalty of not more than \$99,704 occurring on or after December 30, 2024 may be imposed. For each violation involving LNG facilities, an additional penalty of not more than \$97,179 occurring on or after December 28, 2023 and before December 30, 2024 may be imposed. For each violation involving LNG facilities, an additional penalty of not more than \$94,128 occurring on or after January 6, 2023 and before December 28, 2023 may be imposed. For each violation involving LNG facilities, an additional penalty of not more than \$87,362 occurring on or after March 21, 2022 and before January 6, 2023 may be imposed. For each violation involving LNG facilities, an additional penalty of not more than \$82,245 occurring on or after May 3, 2021 and before March 21, 2022 may be imposed. For each violation involving LNG facilities, an additional penalty of not more than \$81,284 occurring on or after January 11, 2021 and before May 3, 2021 may be imposed. For each violation involving LNG facilities, an additional penalty of not more than \$79,875 occurring on or after July 31, 2019 and before January 11, 2021 may be imposed.

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 identified in this letter. Failure to do so will result in Casper Crude to Rail, 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 5-2025-001-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 J. Gilliam (#24-297230)