

VIA ELECTRONIC MAIL TO: dustin.hubbard@dot.gov

Mr. Dustin Hubbard
Director, Western Region
Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration
12300 W. Dakota Avenue, Suite 110
Lakewood, CO 80228

From: Majid Jourabchi, Chief Executive Officer, Mustang Holding LLC

Date: June 16, 2026

Subject: Response to Notice of Probable Violation Findings

Dear Director Hubbard:

Mustang Holding LLC ("MHLLC") submits this response to the Notice of Probable Violation (CPF 5-2026-004-NOPV) dated April 21, 2026. MHLLC is committed to complete and accurate pipeline safety reporting and values its regulatory relationship with PHMSA. MHLLC welcomes the opportunity to work cooperatively with PHMSA to resolve the reporting questions raised in the Notice. However, MHLLC has identified several technical and procedural issues that it believes should be addressed to ensure an accurate and well-supported resolution of this matter.

MHLLC acknowledges that PHMSA's inspector communicated concerns regarding its annual reports prior to issuance of the Notice. MHLLC did not amend its reports at that time because it believed in good faith that its reporting classifications were consistent with PHMSA's form instructions for the applicable reporting years. MHLLC remains open to amending its reports once the correct reporting methodology is confirmed through technical consultation with PHMSA.

Summary of Key Issues Requiring Clarification

- The Inspection Record identifies annual reports as "inaccurate" but does not appear to specify the particular form section(s), line item(s), data field(s), or value(s) at issue, or the authoritative reporting instruction/definition establishing the alleged error. MHLLC respectfully requests this additional detail to facilitate a thorough review.
- The characterization of MHLLC's reporting as reflecting "two 0.2-mile pipelines" may reflect a difference in understanding of how PHMSA reporting classifications apply to a single physical asset. MHLLC's reporting methodology accounts for different regulatory categories (e.g., reportable-only gathering categories, jurisdictional segmentation, and state-by-state reporting) that may apply to the same physical segment.
- The conclusions regarding Unusually Sensitive Area ("USA") / HCA proximity would benefit from disclosure of the underlying geospatial methodology (datasets, projection, segment endpoints, measurement approach, and error bounds) to enable MHLLC to conduct a technical validation and provide a fully informed response.
- Certain conclusions in the Inspection Record are framed as belief or inference ("it is believed...") rather than being supported by specific engineering records, alignment

sheets, validated GIS, or contemporaneous field measurements tied to the annual report entries at issue. MHLLC would appreciate the opportunity to review the supporting documentation.

- Where older third-party environmental materials are cited, MHLLC notes that their applicability to the reporting years at issue (2023–2024) has not been established, and would welcome the opportunity to discuss the relevance and provenance of these materials in a technical conference with PHMSA.

Background

The Notice alleges a violation of 49 CFR §195.49 (Annual Report) based on the conclusion that MHLLC failed to provide accurate annual reports for operating years 2023 and 2024 (submitted in 2024 and 2025), and that the reported pipeline characteristics and environmental sensitivity designations were inaccurate. The Inspection Record cites Exhibits A-1 through A-5, including the prior operator's (BRPC) 2012 Environmental Report, which references potential habitat for Spectacled Eiders and Polar Bears in the general project area. MHLLC acknowledges this report but respectfully notes that habitat potential in a broad project area does not necessarily establish that the pipeline is located within one-quarter mile of an unusually sensitive area as defined in § 195.6 for purposes of annual report classification. The points below identify specific areas where MHLLC requests additional clarification from PHMSA.

Points Requiring Clarification

1) Request for additional specificity regarding the alleged inaccuracies. To fully evaluate the findings, MHLLC respectfully requests that the Inspection Record identify: (i) the specific PHMSA Form F 7000-1.1 reporting year(s) and the exact section/line item/data field(s) at issue; (ii) MHLLC's reported value(s); (iii) the value(s) PHMSA considers correct; and (iv) the controlling form instructions, definitions, and interpretive guidance establishing the reporting standard. This additional detail would enable MHLLC to conduct a meaningful technical review and, where appropriate, submit any warranted corrections.

2) Clarification of reporting classifications and physical asset identification. The Inspection Record indicates that MHLLC reported both a 0.2-mile Hazardous Liquid pipeline and a 0.2-mile Reporting-Only Hazardous Liquid Gathering pipeline, and characterizes this as incorrect because only one physical pipeline exists. MHLLC respectfully submits that PHMSA's annual reporting framework can require different classifications of the *same* physical segment (e.g., jurisdictional status, reportable-only categories, functional class, or state-by-state reporting) depending on the applicable instructions. MHLLC did not intend to report two distinct physical pipelines, and welcomes the opportunity to discuss its classification methodology with PHMSA's technical staff to determine the correct reporting treatment.

3) Reconciliation of observed physical attributes with specific annual report entries. The Inspection Record lists observed attributes (e.g., nominal diameter, endpoints, and an adjacent seawater line), but MHLLC respectfully notes that these observations have not been linked to specific annual report field(s) alleged to be inaccurate. A field-by-field reconciliation identifying each asserted "correct" value and the specific report entry implicated would assist MHLLC in evaluating the findings and preparing any warranted amendments.

4) Request for USA/HCA geospatial methodology and supporting data. The Inspection Record concludes the pipeline is "in or within one-quarter mile of an unusually sensitive area as

defined in § 195.6,” citing third-party materials and a Google Earth image with a one-quarter-mile radius. MHLLC acknowledges that the prior operator’s 2012 Environmental Report references potential habitat for certain endangered species in the general project area. However, to evaluate whether the pipeline meets the specific criteria for USA designation under § 195.6 for purposes of annual report classification, MHLLC respectfully requests disclosure of the following:

- The specific USA category/criteria asserted, and whether the annual report uses the same definitional framework as § 195.6 for the reporting year at issue.
- The authoritative geospatial datasets relied upon (source, vintage/date, scale/resolution, and stated limitations).
- The pipeline segment endpoints used for measurement, including the coordinate reference system/projection.
- The distance calculation method (buffering technique, units, rounding rules) and any uncertainty/error bounds.

MHLLC believes a technical conference would be the most productive forum to review these datasets and methodology together, which could facilitate resolution without further formal proceedings.

5) Concerns regarding evidentiary support and contemporaneity of cited materials.

MHLLC respectfully notes that certain conclusions in the Inspection Record rely on inferential phrasing (e.g., “it is believed”) and on environmental materials from 2012 that predate the reporting years at issue. MHLLC would appreciate the opportunity to discuss with PHMSA the applicability of these materials to the 2023–2024 reporting periods and to review any additional contemporaneous evidence supporting the findings. A documented analytic chain—from the controlling instruction, to the underlying source data, to the specific annual report field—would greatly assist MHLLC in evaluating the findings and determining whether any amendments are warranted.

Requested Technical Disclosures and Proposed Path Forward

Priority Requests

1. **Convene a technical conference.** As an initial step, MHLLC respectfully requests that PHMSA schedule a technical meeting with MHLLC’s technical and compliance representatives to reconcile reporting definitions, review the applicable form instructions, and confirm the correct reporting treatment for the subject segment(s) for the relevant reporting years. MHLLC believes this collaborative approach offers the most efficient path to resolution.
2. **Provide additional specificity for each alleged inaccuracy (2023–2024).** MHLLC requests a field-by-field schedule identifying the form section/line item/data element, MHLLC’s reported value, PHMSA’s asserted correct value, and the controlling PHMSA form instruction/definition (including any interpretive guidance).
3. **Clarify the technical basis for the “two pipelines” characterization.** MHLLC requests identification of the specific evidence relied upon (e.g., as-built drawings, alignment sheets, facility registry identifiers, GIS feature IDs, or other engineering records) and an explanation of how it differs from MHLLC’s reporting interpretation.

4. **Disclose the geospatial methodology and datasets for USA/HCA determinations.** MHLLC requests dataset sources/vintage, segment endpoints used, coordinate system/projection, calculation method, measured distances, and any stated uncertainty/error bounds supporting the USA/HCA conclusion.

Additional Request

1. **Reconsider or clarify findings pending technical consultation.** Following the disclosures above and completion of the technical conference, MHLLC respectfully requests that PHMSA reconsider any findings that may not be fully supported by the technical record. If any reporting correction is warranted after clarification of controlling instructions, MHLLC is prepared to submit an amendment consistent with PHMSA's confirmed guidance and the corrected administrative record.

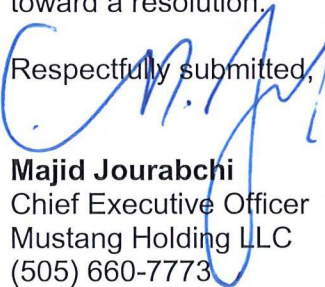
Requested Hearing and Election of Rights

Consistent with the response options described in 49 C.F.R. Part 190, Subpart B, MHLLC respectfully provides notice that it intends to **contest** the allegations and the proposed compliance order, and **requests a hearing** in accordance with 49 C.F.R. § 190.211 and related provisions. MHLLC wishes to emphasize that this election is intended to preserve its procedural rights while it pursues cooperative resolution through the technical conference and disclosure process described above. The issues MHLLC intends to raise at any hearing include: (i) the correct interpretation of PHMSA annual report reporting categories and instructions for the subject segment, (ii) the technical basis for the characterization of MHLLC's reporting as reflecting two distinct pipelines, and (iii) the data, criteria, and geospatial methodology supporting any USA/HCA determinations.

For clarity, MHLLC incorporates by reference **Attachment A** (Response Options and MHLLC Election), which summarizes the four response options described in 49 C.F.R. Part 190, Subpart B and identifies MHLLC's election to contest the allegations and request a hearing with counsel.

MHLLC is committed to complete, accurate, and technically supportable reporting and to working cooperatively with PHMSA to resolve the questions raised in this matter. MHLLC appreciates that PHMSA has not proposed a civil penalty at this time and views this as an opportunity for collaborative resolution. To that end, MHLLC respectfully requests that PHMSA (i) provide the technical disclosures described above, (ii) convene the requested technical conference at the earliest practicable date, and (iii) allow MHLLC to submit any warranted amendments following clarification of the applicable reporting requirements. MHLLC remains available to discuss any aspect of this response and looks forward to working with PHMSA toward a resolution.

Respectfully submitted,


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