U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

12300 W. Dakota Ave., Suite 340
Lakewood, CO 80228

NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER

VIA ELECTRONIC MAIL TO: majid@thyssenusa.com

April 21, 2026

Majid Jourabchi
Chief Operating Officer
Mustang Holding, LLC
301 Calista Ct., Ste 103
Anchorage, AK 99518

CPF 5-2026-004-NOPV

Dear Mr. Jourabchi:

From November 15 and 16, 2024, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Mustang Holding, LLC's (Mustang or Operator) pipeline facility, approximately 50 miles west of Prudhoe Bay on the North Slope of Alaska.

As a result of the inspection, it is alleged that Mustang has 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. § 195.49 Annual report.

Each operator must annually complete and submit DOT Form PHMSA F 7000-1.1 for each type of hazardous liquid pipeline facility operated at the end of the previous year. An operator must submit the annual report by June 15 each year, except that for the 2010 reporting year the report must be submitted by August 15, 2011. A separate report is required for crude oil, HVL (including anhydrous ammonia), petroleum products, carbon dioxide pipelines, and fuel grade ethanol pipelines. For

each state a pipeline traverses, an operator must separately complete those sections on the form requiring information to be reported for each state.

Mustang failed to provide accurate annual reports to PHMSA, as required. Specifically, for calendar years 2023 and 2024, Mustang failed to provide accurate pipeline designation and mileage on its DOT Form PHMSA F 7000-1.1. According to the aforementioned annual reports, Mustang had reported both a 0.2 mile long Hazardous Liquid pipeline located between the Mustang Pad and Kuparuk Pipeline System and a 0.2 mile long Reporting-Regulated-Only Gathering Line of Hazardous Liquid located between the Mustang Pad and Kuparuk Pipeline System. This reporting is incorrect because only one crude oil pipeline exists at that location.

The prior operator had designated the pipeline as a 0.2 mile long Hazardous Liquid pipeline, with a 6-5/8 inch nominal diameter that is not gathering. No new pipeline construction or modifications to the pipeline had been reported to PHMSA and a site visit on November 15 through November 16, 2024 confirmed no new pipelines were constructed and no major modifications had occurred.

The annual reports indicated the pipeline operates at a stress level greater than 20-percent of the specified minimum yield strength of the line pipe. In addition, the operator provided the environmental report it had conducted, which stated that the Mustang pad and associated pipeline lie within the potential habitats of at least two endangered species. For these reasons, the pipeline cannot be considered a Reporting-Regulated-Only Gathering Line per the definition at section 195.11(a)(2).

Therefore, Mustang failed to provide accurate annual report as required by § 195.49.

<u>Proposed Civil Penalty</u>

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 $2,391,412 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.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

Proposed Compliance Order
With respect to Item 1 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Mustang Holding, LLC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice
Enclosed as part of this Notice is a document entitled Response Options for Pipeline Operators in Enforcement Proceedings. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be 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).

Following your receipt of this Notice, you have 30 days to respond as described in the enclosed Response Options. If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. The Region Director may extend the period for responding upon a written request timely submitted demonstrating good cause for an extension.

In your correspondence on this matter, please refer to **CPF 5-2026-004-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

cc: PHP-60 Compliance Registry
PHP-500 M. Yeager (24-297412)
Daniel Gleason, Sr. Project Manager, Mustang Holding LLC dgleason@finnexllc.com

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Mustang Holding, LLC a Compliance Order incorporating the following remedial requirements to ensure the compliance of Mustang Holding, LLC with the pipeline safety regulations:

A. In regard to Item 1 of the Notice pertaining to annual reports, Mustang Holding, LLC must provide an amended annual report for reporting year 2024 within **30** days of receipt of the Final Order and submit documentation to the Western Region Director.

B. It is requested (not mandated) that Mustang Holding, LLC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Dustin Hubbard, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.