

U.S. Department of Labor
Occupational Safety and Health Administration
606 N. Carancahua, Suite 700
Corpus Christi, TX 78401
Phone: 361-888-3420 Fax: 361-888-3424



Citation and Notification of Penalty

To:
Southcross Energy Partners GP, LLC
and its successors
5422 FM 136
Gregory, TX 78359

Inspection Number: 1020247
Inspection Date(s): 01/21/2015 - 01/22/2015
Issuance Date: 07/17/2015

Attn: Gary Mann, Safety Manager

Inspection Site:
5422 FM 136
Gregory, TX 78359

The violation(s) described in this Citation and Notification of Penalty is (are) alleged to have occurred on or about the day(s) the inspection was made unless otherwise indicated within the description given below.

This Citation and Notification of Penalty (this Citation) describes violations of the Occupational Safety and Health Act of 1970. The penalty(ies) listed herein is (are) based on these violations. You must abate the violations referred to in this Citation by the dates listed and pay the penalties proposed, unless within 15 working days (excluding weekends and Federal holidays) from your receipt of this Citation and Notification of Penalty **you either call to schedule an informal conference (see paragraph below) or** you mail a notice of contest to the U.S. Department of Labor Area Office at the address shown above. Please refer to the enclosed booklet (OSHA 3000) which outlines your rights and responsibilities and which should be read in conjunction with this form. Issuance of this Citation does not constitute a finding that a violation of the Act has occurred unless there is a failure to contest as provided for in the Act or, if contested, unless this Citation is affirmed by the Review Commission or a court.

Posting - The law requires that a copy of this Citation and Notification of Penalty be posted immediately in a prominent place at or near the location of the violation(s) cited herein, or, if it is not practicable because of the nature of the employer's operations, where it will be readily observable by all affected employees. This Citation must remain posted until the violation(s) cited herein has (have) been abated, or for 3 working days (excluding weekends and Federal holidays), whichever is longer.

Informal Conference - An informal conference is not required. However, if you wish to have such a conference you may request one with the Area Director during the 15 working day contest period. During such

an informal conference you may present any evidence or views which you believe would support an adjustment to the citation(s) and/or penalty(ies).

If you are considering a request for an informal conference to discuss any issues related to this Citation and Notification of Penalty, you must take care to schedule it early enough to allow time to contest after the informal conference, should you decide to do so. Please keep in mind that a written letter of intent to contest must be submitted to the Area Director within 15 working days of your receipt of this Citation. The running of this contest period is not interrupted by an informal conference.

If you decide to request an informal conference, please complete, remove and post the Notice to Employees next to this Citation and Notification of Penalty as soon as the time, date, and place of the informal conference have been determined. Be sure to bring to the conference any and all supporting documentation of existing conditions as well as any abatement steps taken thus far. If conditions warrant, we can enter into an informal settlement agreement which amicably resolves this matter without litigation or contest.

Right to Contest – You have the right to contest this Citation and Notification of Penalty. You may contest all citation items or only individual items. You may also contest proposed penalties and/or abatement dates without contesting the underlying violations. **Unless you inform the Area Director in writing that you intend to contest the citation(s) and/or proposed penalty(ies) within 15 working days after receipt, the citation(s) and the proposed penalty(ies) will become a final order of the Occupational Safety and Health Review Commission and may not be reviewed by any court or agency.**

Penalty Payment – Penalties are due within 15 working days of receipt of this notification unless contested. (See the enclosed booklet and the additional information provided related to the Debt Collection Act of 1982.) Make your check or money order payable to “DOL-OSHA”. Please indicate the Inspection Number on the remittance. You can also make your payment electronically on www.pay.gov. On the left side of the pay.gov homepage, you will see an option to Search Public Forms. Type “OSHA” and click Go. From the results, click on **OSHA Penalty Payment Form**. The direct link is:

<https://www.pay.gov/paygov/forms/formInstance.html?agencyFormId=53090334>.

You will be required to enter your inspection number when making the payment. Payments can be made by credit card or Automated Clearing House (ACH) using your banking information. Payments of \$25,000 or more require a Transaction ID, and also must be paid using ACH. If you require a Transaction ID, please contact the OSHA Debt Collection Team at (202) 693-2170.

OSHA does not agree to any restrictions or conditions or endorsements put on any check, money order, or electronic payment for less than the full amount due, and will process the payments as if these restrictions or conditions do not exist.

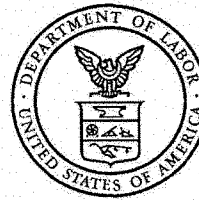
Notification of Corrective Action – For each violation which you do not contest, you must provide ***abatement certification*** to the Area Director of the OSHA office issuing the citation and identified above. This abatement certification is to be provided by letter within 10 calendar days after each abatement date. Abatement certification includes the date and method of abatement. If the citation indicates that the violation was corrected during the inspection, no abatement certification is required for that item. The abatement certification letter must be posted at the location where the violation appeared and the corrective action took place or employees must otherwise be effectively informed about abatement activities. A sample abatement certification letter is enclosed with this Citation. In addition, where the citation indicates that ***abatement documentation*** is necessary, evidence of the purchase or repair of equipment, photographs or video, receipts, training records, etc., verifying that abatement has occurred is required to be provided to the Area Director.

Employer Discrimination Unlawful – The law prohibits discrimination by an employer against an employee for filing a complaint or for exercising any rights under this Act. An employee who believes that he/she has been discriminated against may file a complaint no later than 30 days after the discrimination occurred with the U.S. Department of Labor Area Office at the address shown above.

Employer Rights and Responsibilities – The enclosed booklet (OSHA 3000) outlines additional employer rights and responsibilities and should be read in conjunction with this notification.

Notice to Employees – The law gives an employee or his/her representative the opportunity to object to any abatement date set for a violation if he/she believes the date to be unreasonable. The contest must be mailed to the U.S. Department of Labor Area Office at the address shown above and postmarked within 15 working days (excluding weekends and Federal holidays) of the receipt by the employer of this Citation and Notification of Penalty.

Inspection Activity Data – You should be aware that OSHA publishes information on its inspection and citation activity on the Internet under the provisions of the Electronic Freedom of Information Act. The information related to these alleged violations will be posted when our system indicates that you have received this citation. You are encouraged to review the information concerning your establishment at www.osha.gov. If you have any dispute with the accuracy of the information displayed, please contact this office.



NOTICE TO EMPLOYEES OF INFORMAL CONFERENCE

An informal conference has been scheduled with OSHA to discuss the citation(s) issued on 07/17/2015. The conference will be held by telephone or at the OSHA office located at 606 N. Carancahua, Suite 700, Corpus Christi, TX 78401 on _____ at

_____. Employees and/or representatives of employees have a right to attend an informal conference.

CERTIFICATION OF CORRECTIVE ACTION WORKSHEET

Inspection Number: 1020247

Company Name: Southcross Energy Partners GP, LLC
Inspection Site: 5422 FM 136, Gregory, TX 78359
Issuance Date: 07/17/2015

List the specific method of correction for each item on this citation in this package that does not read "Corrected During Inspection" or "Quick Fix" and return to: **U.S. Department of Labor – Occupational Safety and Health Administration, 606 N. Carancahua, Suite 700, Corpus Christi, TX 78401**

Citation Number _____ and Item Number _____ was corrected on _____
By (Method of Abatement): _____

Citation Number _____ and Item Number _____ was corrected on _____
By (Method of Abatement): _____

Citation Number _____ and Item Number _____ was corrected on _____
By (Method of Abatement): _____

Citation Number _____ and Item Number _____ was corrected on _____
By (Method of Abatement): _____

Citation Number _____ and Item Number _____ was corrected on _____
By (Method of Abatement): _____

Citation Number _____ and Item Number _____ was corrected on _____
By (Method of Abatement): _____

I certify that the information contained in this document is accurate and that the affected employees and their representatives have been informed of the abatement.

Signature

Date

Typed or Printed Name

Title

NOTE: 29 USC 666(g) whoever knowingly makes any false statements, representation or certification in any application, record, plan or other documents filed or required to be maintained pursuant to the Act shall, upon conviction, be punished by a fine of not more than \$10,000 or by imprisonment of not more than 6 months or both.

POSTING: A copy of completed Corrective Action Worksheet should be posted for employee review



Citation and Notification of Penalty

Company Name: Southcross Energy Partners GP, LLC
Inspection Site: 5422 FM 136, Gregory, TX 78359

Citation 1 Item 1 Type of Violation: **Serious**

29 CFR 1910.119(g)(1)(i): The employer did not train each employee before being involved in operating a newly assigned process in the operating procedures as specified in paragraph (f) of this section:

At this workplace, the employer did not provide adequate training to ensure facility operators were aware of the Human Machine Interface (HMI) software control and data communication changes from the old Wonderware to the new Rockwell systems.

ABATEMENT DOCUMENTATION REQUIRED FOR THIS ITEM

Date By Which Violation Must be Abated:	08/07/2015
Proposed Penalty:	\$ 7,000.00



Citation and Notification of Penalty

Company Name: Southcross Energy Partners GP, LLC
Inspection Site: 5422 FM 136, Gregory, TX 78359

Citation 1 Item 2 Type of Violation: **Serious**

29 CFR 1910.119(j)(2): The employer did not implement written procedures to maintain the on-going integrity of process equipment:

At this workplace, the employer did not adequately implement written procedures to maintain the integrity of process equipment, such as, but not limited to, the Emergency Shut Down (EDS) valves at:

- a. the Stedman discharge pipelines,
- b. the Copano discharge pipelines, and
- c. the Recompressor discharge pipelines.

ABATEMENT DOCUMENTATION REQUIRED FOR THIS ITEM

Date By Which Violation Must be Abated:	08/07/2015
Proposed Penalty:	\$ 7,000.00



Citation and Notification of Penalty

Company Name: Southcross Energy Partners GP, LLC
Inspection Site: 5422 FM 136, Gregory, TX 78359

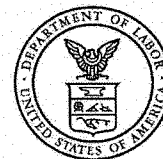
Citation 1 Item 3 Type of Violation: **Serious**

29 CFR 1910.119(j)(4)(i): The employer did not perform inspections and tests on process equipment:

At this workplace, the employer did not inspect and test critical process equipment, such as, but not limited to, Emergency Shut Down (ESD) valves, and pressure relief and control valves. Employees at this facility were exposed to fire and explosion hazards and to catastrophic release of flammable gases.

ABATEMENT DOCUMENTATION REQUIRED FOR THIS ITEM

Date By Which Violation Must be Abated:	08/07/2015
Proposed Penalty:	\$ 7,000.00



Citation and Notification of Penalty

Company Name: Southcross Energy Partners GP, LLC
Inspection Site: 5422 FM 136, Gregory, TX 78359

Citation 1 Item 4 Type of Violation: **Serious**

29 CFR 1910.119(l)(1): The employer did not establish and implement written procedures to manage changes to process chemicals, technology, equipment, and procedures; and, changes to facilities that affect a covered process:

Southcross Energy did not prepare management of change documents addressing the following changes which were not evaluated or documented prior to installation and operation:

- a. Human Management Interface (HMI) system change from the Wonderware to the Rockwell FaceTalk software/hardware system.
- b. Valve replacement at the Stedman pipeline, Copano pipeline and the Recompressor discharge pipeline.

ABATEMENT DOCUMENTATION REQUIRED FOR THIS ITEM

Date By Which Violation Must be Abated:	08/07/2015
Proposed Penalty:	\$ 7,000.00



Citation and Notification of Penalty

Company Name: Southcross Energy Partners GP, LLC
Inspection Site: 5422 FM 136, Gregory, TX 78359

Citation 1 Item 5 Type of Violation: **Serious**

29 CFR 1910.119(l)(5): A change covered by this paragraph resulted in a change in the operating procedures or practices required by paragraph (f) of this section, and such procedures or practices were not updated accordingly:

At this workplace, the employer did not establish or update operating procedures to ensure employees safely and accurately performed required procedures such as:

- a. Normal operations
- b. Emergency operations

ABATEMENT DOCUMENTATION REQUIRED FOR THIS ITEM

Date By Which Violation Must be Abated:	08/07/2015
Proposed Penalty:	\$ 7,000.00



Citation and Notification of Penalty

Company Name: Southcross Energy Partners GP, LLC
Inspection Site: 5422 FM 136, Gregory, TX 78359

Citation 1 Item 6 Type of Violation: **Serious**

29 CFR 1910.119(m)(5): The employer did not establish a system to promptly address and resolve incident report findings and recommendations. Resolutions and corrective actions were not documented:

At this workplace, the employer did not promptly address the incident report corrective actions recommendations for the natural gas liquids vapor released occurring on or about December 14, 2014 at Plant number one.

ABATEMENT DOCUMENTATION REQUIRED FOR THIS ITEM

Date By Which Violation Must be Abated:	08/07/2015
Proposed Penalty:	\$ 7,000.00



Citation and Notification of Penalty

Company Name: Southcross Energy Partners GP, LLC
Inspection Site: 5422 FM 136, Gregory, TX 78359

Citation 2 Item 1 Type of Violation: **Willful**

29 CFR 1910.119(f)(1)(i)(D): The employer did not develop and implement written operating procedures that provide clear instructions for emergency shutdown, including the conditions under which emergency shutdown is required, and the assignment of shutdown responsibility to qualified operators to ensure that emergency shutdown is executed in a safe and timely manner:

The employer did not develop and implement written operating procedures that provided clear instructions for performing an emergency shutdown of the facility in the event of an emergency at the Gregory Plant. The operating procedures failed to properly address the shutdown of the Steadman, Copano, and Recompressor inlet valves using the HMI system located in the control room. Operating Procedure 005-SOP-GGPF does not include procedures for shutting down the inlet valves for the Steadman, Copano, and Recompressor. This exposed employees to fire and explosion hazards from catastrophic release of flammable gas.

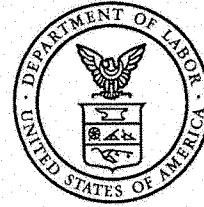
ABATEMENT DOCUMENTATION REQUIRED FOR THIS ITEM

Date By Which Violation Must be Abated: 08/07/2015
Proposed Penalty: \$ 70,000.00

Antonio Fuentes, Jr.

for: **Michael J. Rivera**
Area Director

U.S. Department of Labor
Occupational Safety and Health Administration
606 N. Carancahua, Suite 700
Corpus Christi, TX 78401
Phone: 361-888-3420 Fax: 361-888-3424



INVOICE / DEBT COLLECTION NOTICE

Company Name: Southcross Energy Partners GP, LLC
Inspection Site: 5422 FM 136, Gregory, TX 78359
Issuance Date: 07/17/2015

Summary of Penalties for Inspection Number	1020247
Citation 1, Serious	\$ 42,000.00
Citation 2, Willful	\$ 70,000.00
TOTAL PROPOSED PENALTIES	\$ 112,000.00

To avoid additional charges, please remit payment promptly to this Area Office for the total amount of the uncontested penalties summarized above. Make your check or money order payable to: "DOL-OSHA". Please indicate OSHA's Inspection Number (indicated above) on the remittance. You can also make your payment electronically on www.pay.gov. On the left side of the pay.gov homepage, you will see an option to Search Public Forms. Type "OSHA" and click Go. From the results, click on **OSHA Penalty Payment Form**. The direct link is <https://www.pay.gov/paygov/forms/formInstance.html?agencyFormId=53090334>. You will be required to enter your inspection number when making the payment. Payments can be made by credit card or Automated Clearing House (ACH) using your banking information. Payments of \$25,000 or more require a Transaction ID, and also must be paid using ACH. If you require a Transaction ID, please contact the OSHA Debt Collection Team at (202) 693-2170.

OSHA does not agree to any restrictions or conditions or endorsements put on any check, money order, or electronic payment for less than the full amount due, and will cash the check or money order as if these restrictions or conditions do not exist.

If a personal check is issued, it will be converted into an electronic fund transfer (EFT). This means that our bank will copy your check and use the account information on it to electronically debit your account for the amount of the check. The debit from your account will then usually occur within 24 hours and will be shown on your regular account statement. You will not receive your original check back. The bank will destroy your

original check, but will keep a copy of it. If the EFT cannot be completed because of insufficient funds or closed account, the bank will attempt to make the transfer up to 2 times.

Pursuant to the Debt Collection Act of 1982 (Public Law 97-365) and regulations of the U.S. Department of Labor (29 CFR Part 20), the Occupational Safety and Health Administration is required to assess interest, delinquent charges, and administrative costs for the collection of delinquent penalty debts for violations of the Occupational Safety and Health Act.

Interest: Interest charges will be assessed at an annual rate determined by the Secretary of the Treasury on all penalty debt amounts not paid within one month (30 calendar days) of the date on which the debt amount becomes due and payable (penalty due date). The current interest rate is one percent (1%). Interest will accrue from the date on which the penalty amounts (as proposed or adjusted) become a final order of the Occupational Safety and Health Review Commission (that is, 15 working days from your receipt of the Citation and Notification of Penalty), unless you file a notice of contest. Interest charges will be waived if the full amount owed is paid within 30 calendar days of the final order.

Delinquent Charges: A debt is considered delinquent if it has not been paid within one month (30 calendar days) of the penalty due date or if a satisfactory payment arrangement has not been made. If the debt remains delinquent for more than 90 calendar days, a delinquent charge of six percent (6%) per annum will be assessed accruing from the date that the debt became delinquent.

Administrative Costs: Agencies of the Department of Labor are required to assess additional charges for the recovery of delinquent debts. These additional charges are administrative costs incurred by the Agency in its attempt to collect an unpaid debt. Administrative costs will be assessed for demand letters sent in an attempt to collect the unpaid debt.

Antonio Fuentes, Jr.

for: Michael J. Rivera
Area Director

July 17, 2015

Date

U.S. Department of Labor

Occupational Safety and Health Administration
Corpus Christi Area Office
Wilson Plaza West, Suite 700
606 N Carancahua St
Corpus Christi, TX 78401
Phone: (361) 888-3420
Fax: (361) 888-3424



Dear Employer:

Under a law passed by Congress in 1996, the Small Business Administration (SBA) has established the SBA Ombudsman and SBA Regional Fairness Boards to investigate small business complaints pertaining to federal agency enforcement actions.

If you are a small business and believe you have been treated unfairly by the Occupational Safety and Health Administration (OSHA), you may file a written, signed complaint with the SBA Ombudsman at:

Small Business Administration
Office of the National Ombudsman
409 Third Street, S.W., MC2120
Washington, DC 20024-0005
Phone: (202) 205-2417
FAX: (202) 481-5719

You can also access and download the Complaint/Comment form by visiting their website at:

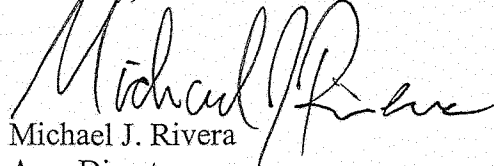
<http://www.sba.gov/aboutsba/sbaprograms/ombudsman/index.html>

Or, call Toll Free: 1-888-REGFAIR

NOTE: Filing a complaint with the SBA Ombudsman does not affect any obligation you may have to comply with an OSHA citation or other enforcement action. Nor does it mean you need not take other available legal steps to protect your interest.

Your support in worker occupational health and safety is appreciated.

Sincerely,


Michael J. Rivera
Area Director