

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 16, 2013

Mr. Troy Valenzuela
Vice President – Environmental Health and Safety
Plains Natural Gas Storage, LP
333 Clay Street
Suite 1600
Houston, TX 77002

CPF 3-2013-1007W

Dear Mr. Valenzuela:

On December 3-7, 2012, representatives of the Michigan Public Service Commission acting as interstate agents for the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected the records and facilities of the Bluewater Gas Storage system in Columbus, MI.

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

1. §192.603 General provisions

(b) Each operator shall keep records necessary to administer the procedures established under §192.605.

Plains did not have records to verify that the annual review of the Operation and Maintenance manual was being performed as required by §192.605(a). Additionally, the records for the effectiveness review of the procedures were lacking in detail. Plains personnel indicated that the annual reviews and the effectiveness reviews were performed

through multiple processes and acknowledged that the reviews could be documented in a clearer format to more accurately reflect what was done.

2. §192.739 Pressure limiting and regulating stations: Inspection and testing.

(a) Each pressure limiting station, relief device (except rupture discs), and Pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests to determine that it is-

- (1) In good mechanical condition;**
- (2) Adequate from the standpoint of capacity and reliability of operation for the service in which it is employed;**
- (3) Except as provided in paragraph (b) of this section, set to control or relieve at the correct pressure consistent with the pressure limits of §192.201(a); and**
- (4) Properly installed and protected from dirt, liquids, or other conditions that might prevent proper operation.**

Plains personnel were not performing annual inspections on its fuel gas takeoff from the mainline for the compressors at Kimball Station and Columbus Station.

Plains personnel did not realize that the pressure limiting equipment on the fuel gas for the compressors at their stations were jurisdictional and required the annual inspection. Plains personnel did indicate that they conducted maintenance on those devices annually, but did not have any documents to substantiate those maintenance activities. Plains has already implemented a new form to begin documentation of the inspections and will revise Operation & Maintenance procedures to reflect the new inspections.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. 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(s) identified in this letter. Failure to do so will result in Plains Natural Gas Storage, LP 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 3-2013-1007W**. 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,

David Barrett
Director, Central Region
Pipeline and Hazardous Materials Safety Administration