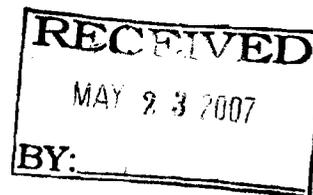




PLAINS
PIPELINE, L.P.

May 23, 2007



Mr. R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous Material Safety Administration
8701 S. Gessner, Suite 1110
Houston, TX 77074

RE: CPF 4-2007-5011: Notice of Probable Violation and Proposed Compliance Order; Plains All American Pipeline

Dear Mr. Seeley:

This letter is a response to the Pipeline and Hazardous Material Safety Administration's (PHMSA) Proposed Compliance Order submitted with your letter of April 18, 2007, received in our office on April 23. The Proposed Compliance Order was issued as a result of inspection audits conducted by PHMSA between May 23 and October 28, 2005 on four Plains All American pipeline systems: Johnson Bayou to Sabine Pass; Basin Pipeline System between Cushing, OK and Jal, NM; Red River System from Cushing, OK to Longview, TX; and, the Ferriday System from Greenburg, LA to Delhi Station, LA.

This response specifically addresses Items 2 and 6 of the inspection findings listed in your letter. The Proposed Compliance Order requested specific remedial actions for these two findings. While not specifically requested, we are also submitting comments on Items, 1, 3, 4 and 5.

Item 2 Finding

§ 195.402 (c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

§ 195.402 (c)(13) Periodically reviewing the work done by operator to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found.

As requested by the Compliance Order, enclosed are copies of Plains **Form 702, Annual Personnel Training Review** for personnel on the Basin Pipeline System for 2005 and 2006. These forms are intended to be used to conduct an annual review of each individual's training the prior year and to evaluate future training needs to ensure each individual has the proper level of knowledge of safety and emergency response procedures to safely conduct normal operations and maintenance activities and to safely and properly respond to any potential pipeline emergency. The annual review is conducted with each individual by their immediate supervisor.

To the extent possible, the reviews are preferably conducted prior to developing annual operating budgets so that the budgets include the funds for training needs identified in the annual review.

Item 6 Finding

§ 195.581 Which pipelines must I protect against atmospheric corrosion...

- (a) You must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.**
- (b) Coating material must be suitable for the prevention of atmospheric corrosion.**

The PHMSA inspection noted four spans of exposed pipe on the Red River System that were not protected from atmospheric corrosion: spans located at MP Nos. 77.84, 22.39, 66.4, and 46.9. As noted in the Compliance Order, a mitigation plan for these pipe exposures was developed for the Red River System shortly after the inspection and provided to the PHMSA inspector. With the plan to mitigate these exposed pipe spans already provided to PHMSA, we are unclear why this item was included in the Compliance Order.

A survey of the pipeline systems was conducted as required and in addition to the four exposed spans identified during the inspection, 41 additional exposed pipe areas were identified during the survey. Plains stated in its mitigation plan that required repairs on identified exposed pipe spans would be completed over a three-year period, the time period that was suggested to Plains by the PHMSA inspector. The following is a status of repairs:

- Of the four identified by PHMSA, the one at MP 22.39 was repaired the 2nd quarter of 2006 as well as 15 of the spans identified from the survey that were also completed in 2006;
- The other three spans identified by PHMSA were repaired the 2nd quarter of 2007 with an additional 15 from the survey scheduled for completions in 2007; and,
- The remainder of the exposed spans will be repaired in 2008.

The cost of the survey of the pipeline systems and repairs to date is \$52,300. For the remainder of repairs scheduled in 2007, \$54,000 is budgeted. The same amount will be budgeted in 2008 to complete the repairs.

The procedures in the Corrosion Control section of the Plains Operations and Maintenance Manual were reviewed and revised to address atmospheric corrosion protection for unintentionally exposed pipe. The O&M manual was revised to include the following:

If buried pipe is exposed above natural grade by an act of nature or other activity outside of the control of the Company, the pipe shall be inspected, repaired as required, re-coated and re-buried. The inspection after exposure shall be recorded on Form 515, "Atmospheric Inspection and Exposed Pipe Report." The pipe may be re-buried by:

- *Adding natural or manufactured cover on the top of the pipe; or,*
- *Physically lowering the pipe.*

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If the pipe cannot be lowered or covered in a satisfactory manner, it shall be inspected, re-coated with a coating suitable for exposure to UV rays, properly supported, marked appropriately for above ground piping, and thereafter be noted as piping that is part of the atmospheric corrosion inspection program.

The cost associated with this review and revision is considered minimal and is not included in the costs discussed in Item 4 of the Proposed Compliance Order.

Although not specifically requested, we provide the following comments on probable violation Items 1, 3, 4 & 5:

- Item 1, Not reporting to PHMSA a March 6, 2003 four-barrel spill at Sabine Pass The spill occurred from a line jurisdictional to the U.S Coast Guard as established by the 1971 Memorandum of Understanding. This information was confirmed with the Coast Guard and made available to the PHMSA inspector by email on June 10, 2005. A sketch of the Sabine Pass Dock piping is enclosed;
Not reporting to PHMSA a September 18, 2005 three-barrel spill at Canebrake Station on the Ferriday System -- The leak occurred on the suction side of a pump. At the time this leak occurred, Plains did not report releases from low stress, station piping to PHMSA. Although this piping was viewed as exempt from regulations at the time of this release, Plains now has a policy of reporting any release from lines directly from a regulated pipeline to a breakout tank or lines from a breakout tank to a regulated pipeline;
- Item 5, Provide protection for each valve from unauthorized operation and from vandalism – Inspections conducted by the PHMSA Western, Central and Southern Regions considered the protection to mainline valves provided by Plains consistent with 49CFR195.420 requirements. This protection consists of chain locking the valve and installing barricades around the valve. However, as part of its an annual review of its O&M procedures, Plains will consider revising its O&M manual to require valves in and near urban areas and public meeting places such as schools, parks, etc. to be evaluated for additional security measures such as fencing around the valve.
- Items 2B & 3 were reviewed and appropriate measures were taken to correct the cited deficiencies and to ensure future compliance with these items.

We trust that this letter is fully responsive to the actions required by the Proposed Compliance Order and the Notice of Probable Violation items. If you have any questions or require more information or clarification to the responses submitted, please do not hesitate to contact me, (713) 993-5162.

Sincerely,



Jordan Janak, CSP
Sr. Director, Environmental & Regulatory Compliance

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Enclosures: 1) Sketch of Sabine Pass facility
2) Forms 702, Annual Personnel Training Review

cc: W. Roberts
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