

**NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 10, 2010

Troy Valenzuela
V.P. Environmental, Health and Safety
Plains Marketing, L.P.
333 Clay Street
Suite 4648
Houston, TX

CPF 4-2010-5014

Dear Mr. Valenzuela:

On March 8-12, 2010, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Plains Marketing, L.P. (Plains) pipeline and tank facilities in St. James, Louisiana.

As a result of the inspection, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The item inspected and the probable violation is:

1. §195.420 Valve maintenance.

(b) Each operator shall, at intervals not exceeding 7½ months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

Plains failed to demonstrate that their mainline valves were functioning properly. Plains maintenance personnel utilize the Plains Pipeline, L.P. "Valve Maintenance & Inspection" procedure number O&M - 414 which includes all the various steps to be performed during the required inspection. These steps include: Visual Inspection (VI), Mechanical Operation (MO), Local Motor Operation (LO), Remote motor Operation (RO) and Routine Maintenance (RM). This procedure also requires that the results of the inspection be recorded on PPLP form No. 010. From the procedure it states "All valves

which are required to shut-in and isolate the pipeline in the event of an oil spill or emergency are considered mainline valves.” During the inspection, PHMSA reviewed the PPLP form No. 010 for years 2007 – 2009. It appears from this review that several valves did not have all the required steps performed per the procedure (see table 1). Plains maintenance personnel only performed visual inspections of the valves and no functional inspection was performed.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation and has recommended that you be preliminarily assessed a civil penalty of \$29,000.

Proposed Compliance Order

With respect to item 1 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Plains Marketing L.P. 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 Compliance Proceedings*. Please refer to this document and note the response options. 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). 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.

In your correspondence on this matter, please refer to **CPF 4-2010-5014** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous
Materials Safety Administration

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

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Plains Marketing L.P. a Compliance Order incorporating the following remedial requirements to ensure the compliance of Plains Marketing L.P. with the pipeline safety regulations:

1. In regards to the Notice pertaining to the inadequate mainline valve inspections, Plains Marketing L.P. must perform the inspections as required per their procedure and provide documentation that the valves noted on Table I of the Notice are in compliance with 49 CFR §195.420(b).
2. Additionally, Plains Marketing L.P. should review their procedures and must provide training to personnel who are responsible for carrying out this procedure to prevent recurrence of this non-compliance issue. Amendments to procedures and documentation of training must be provided to this office.
3. Plains must complete items 1 and 2 of the Compliance Order within 30 days following receipt of the Final Order.
4. Submit the results of the Proposed Compliance Order items above to the Regional Director, Southwest Region, Office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, 8701 South Gessner, Suite 1110, Houston, Texas 77074. Costs shall 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.