

PLAINS
PIPELINE, L.P.

Overnight Delivery

October 15, 2010

Mr. Rodrick M. Seeley
Regional Director – Southwestern Region
Pipeline and Hazardous Material Safety Administration
8701 South Gessner Road, Suite 1110
Houston, Texas 77074-2949



RE: Response to CPF 4-2010-5014

Dear Mr. Seeley:

Plains Pipeline, L.P. (Plains) submits the following response to the Pipeline and functional otherwise Proposed Civil Penalty, and Proposed Compliance Order, CPF 4-2010-5014.

Notice of Probable Violation (NOPV) and Proposed Civil Penalty

§195.420 Valve Maintenance.

During an inspection conducted at the Plains St James, La. Terminal on March 8-12, 2010, the PHMSA representative reviewed the valve inspection records for 2007-2009 and concluded that the valve inspections were not conducted in accordance with Plains' Valve Maintenance & Inspection procedure, namely that the records did not indicate that the valves were operated as part of the inspection.

The valves listed in Table 1 of the NOPV are valves that are operated on a routine basis during normal terminal operations. If these valves are not functional, the terminal cannot conduct its operations. These valves control product flow into the terminal from other pipelines and the dock as well as deliveries from the terminal to other pipelines. Most of the valves listed in Table 1 are remotely operated from the Plains Control Room in Midland, TX and two other pipeline operators.

The reason a record of valve operation was not noted on the inspections records is because the operators that perform valve inspections are accustomed to frequently witnessing the satisfactory operation of these valves in the course of routine terminal operations. They know that the valves are functional or otherwise terminal operations could not occur. A record of valves being operated is maintained in the Control Room archive records. The PHMSA Compliance Officer was informed that a record of valve operations could be produced from the Control Room records but did not want to consider these records as evidence that the valves operate satisfactorily by virtue of being frequently operated during routine terminal operations. An example

Plains Marketing GP Inc., General Partner

of the type of Control Room historical records that exists for valve operations are included with this response. Records for the entire 2007 - 2009 period are not included because it is a laborious process to extract records more than 6 months old. Also making the process more difficult are changes to the Control Room software platform that were implemented in 2009. However, if necessary, the records starting from 2007 can be produced.

Four (4) valves listed on Table 1 of the NOPV are operated by two other operators. In discussions with these operators, records of these valves are available in their archives however they stated that it would take some period of time for them to produce the records for purposes of providing the records to PHMSA as evidence of satisfactory operation of these valves.

Proposed Civil Penalty

Because the valve inspection form did not indicate a functional check of the valves listed in Table 1 of the NOPV and other existing records evidencing satisfactory operation of the valves were not available on site, the PHMSA is proposing a civil penalty of \$29,000. Although we agree that the record of satisfactory valve operation during the valve inspections should properly be documented on our valve inspection form to document the complete inspection on one form, we believe the archived Control Room valve operation records and extended periods of normal terminal operations show satisfactory operation of these valves. We have made changes to our valve inspection procedures and conducted training subsequent to PHMSA's inspection to ensure going forward that the local records will document complete valve inspection results.

Based on evidence of satisfactory operation of all valves in Table 1 of the NOPV through day to day use of these valves during normal terminal operations, the records of valve operations submitted with this response, and the fact that the subject valves were inspected and the inspections properly documented with the exception of valve operation, we request that PHMSA consider some reduction in its proposed civil penalty for the sole deficiency of not documenting valve operation on the inspection form.

Proposed Compliance Order

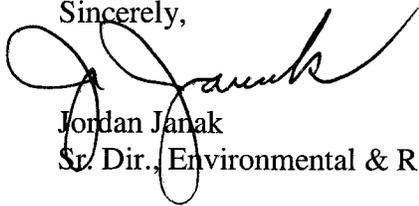
1. The valves listed in Table 1 of the NOPV were inspected in June 2010 and documentation for these inspections is enclosed.
2. The Valve Inspection and Maintenance procedure was reviewed and Section 414 of the Operations and Maintenance(O&M) manual was amended to include the procedure revisions. A copy of the amended Section 414 is enclosed. A record documenting the review and revision of the procedure and a record of training on the amendment to Section 414 are also enclosed.

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3. The total estimated cost to review the procedures, amend the O&M Manual and conduct training of operations personnel on the revised procedure is \$2,000. The pipeline infrastructure was not affected therefore there were no costs for this cost category.

If you have any questions, please do not hesitate to contact Jordan Janak, (713) 993-5162, jjanak@paalp.com.

Sincerely,



Jordan Janak
Sr. Dir., Environmental & Regulatory Compliance

Enclosures: Record of inspection, Table I valves
O&M Section 414, amended
Training records

cc: W. Fusilier
J. Janak
R. Encalade
A. Schoen
A. Swinney