

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 29, 2015

Mr. Troy Valenzuela
Vice President, Environmental Health & Safety
Plains Pipeline, L.P.
333 Clay Street, Suite 1600
Houston, TX 77002

CPF 4-2015-5025

Dear Mr. Valenzuela:

On multiple occasions between April 2014 and October 2015 representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code were onsite and inspected the Plains Pipeline LP (Plains) Jal, New Mexico to Wink, Texas pipeline construction project.

As a result of the inspections PHMSA issued a Warning Letter, CPF 4-2015-5011W, dated April 14, 2015, citing issues with welder qualifications for the project. Despite the Warning Letter, Plains continued pipeline construction without properly addressing the issues cited by PHMSA.

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 violations are:

- 1. §195.214 Welding Procedures**
 - (a) Welding must be performed by a qualified welder in accordance with welding procedures qualified under Section 5 of API 1104 or Section IX of the ASME Boiler and Pressure Vessel Code (ibr, see § 195.3). The quality of the test welds used to qualify the welding procedure shall be determined by destructive testing.**

Plains performed welding on their Jal to Wink Pipeline construction without having a properly qualified welding procedure as required by §195.214 and API 1104 Section 5 (incorporated by reference). During

the inspection PHMSA requested the welding procedure that Plains was using to construct the pipeline. PHMSA was presented with Welding Procedure Specification CS-G4265L203. This procedure specified a range of base materials of API 5L X46 to API 5L X60. However, a review of the welder qualification records showed that welders for the project had been qualified using API 5L X42 material which is outside the range of material grades covered by the procedure. API 1104, Section 6.1 (referenced by §195.222(a)) states:

“The purpose of the welder qualification test is to determine the ability of welders to make sound butt or fillet welds *using previously qualified procedures.*”

Welders performing qualification tests using a grade of material not specified by the welding procedure were not welding using the previously qualified procedure and consequently were not properly qualified.

After PHMSA identified this issue to Plains, the Operator responded by stating that they had not provided PHMSA the correct qualified welding procedure used to weld the Jal to Wink Pipeline and provided a second Welding Procedure Specification, CS-G4265L205. This welding procedure specified a range of base material of API 5L X42 through API 5L X65. The newly supplied Welding Procedure Specification CS-G4265L205 included a range of base materials that encompassed the base material used to qualify the welders for the Jal to Wink construction but caused another issue to be raised by PHMSA.

The broad range of base materials specified by the procedure CS-G4265L205 spans three classifications of base material groupings as specified by Section 5.4.2.2 of API 1104 (incorporated by reference). Section 5.4.2.2 states:

“For the purposes of this standard, all materials shall be grouped as follows:

- a. Specified minimum yield strength less than or equal to 42,000 psi (290 MPa).
- b. Specified minimum yield strength greater than 42,000 psi (290 MPa) but less than 65,000 psi (448 MPa).
- c. For materials with a specified minimum yield strength greater than or equal to 65,000 psi (448 MPa), each grade shall receive a separate qualification test.

API 1104, Section 5.1 states:

“Before production welding is started, a detailed procedure specification shall be established and qualified to demonstrate that welds with suitable mechanical properties (such as strength, ductility, and hardness) and soundness can be made by the procedure. The quality of the welds shall be determined by destructive testing.”

Section 5.4.1 of API 1104 states:

“A *welding procedure must be re-established as a new procedure specification and must be completely requalified when any of the essential variables listed in 5.4.2 are changed.*”

API 1104, Section 5.4.2.2 also states:

“A change in base material constitutes an essential variable.”

Plains was unable to present documentation that each group of base materials encompassed by the range of base materials specified on Welding Procedure Specification CS-G4265L205 (API 5L X42 through API 5L X65) had been properly qualified by separate procedure qualification tests as required by Section 5 of API 1104. Consequently, CS-G4265L205 that Plains stated was used to weld the Jal to Wink

pipeline was not a properly qualified welding procedure.

Qualification of a welding procedure for each of the different groups of materials specified by API 1104 requires more than just writing the different grades of material on the welding procedure specification document. If the operator has a properly qualified welding procedure for API 1104 group “a” materials and a properly qualified welding procedure for group “b” materials, API 1104 allows group “a” materials to be welded to group “b” materials using the group “b” qualified procedure. However, qualifying a welding procedure for one group of materials does not qualify welding of materials in the other groups. Section 5.4.1 of API 1104 states:

“A welding procedure must be re-established as a new procedure specification and must be completely requalified when any of the essential variables listed in 5.4.2 are changed.”

API 1104, Section 5.4.2.2 also states:

“A change in base material constitutes an essential variable.”

A change of base material clearly requires a separate procedure qualification. Plains did not qualify the range of base materials listed on the welding procedure CS-G4265L205 and consequently the procedure was not properly qualified.

On April 14, 2015 PHMSA issued a Warning Letter (CPF 4-2015-5011W) to Plains identifying these issues. Following this issuance of the Warning Letter PHMSA was onsite to inspect the construction activities. Plains had ample time to correct the identified issues but have not.

2. §195.222(a) Qualifications of Welders

(a) Each welder or welding operator must be qualified in accordance with section 6 or 12 of API Std 1104 (incorporated by reference, see §195.3) or with Section IX of ASME Boiler and Pressure Vessel Code (BPVC) (incorporated by reference, see §195.3), except that a welder qualified under an earlier edition than listed in §195.3 may weld but may not re-qualify under that earlier edition.

Plains failed to properly qualify welders that performed welding on the Jal to Wink pipeline according to the requirements of §195.222(a) and API 1104 (incorporated by reference). During the inspection PHMSA requested and Plains presented the Welding Procedure Specification CS-G60L203 as the procedure used to weld the Jal, NM to Wink, TX segment of the pipeline construction. This procedure specifies a range of materials for API 5L X46 through X60. When PHMSA pointed out that the welders had been qualified using a base material outside the range of the welding procedure (API 5L X42), and that according to API 1104 welders must qualify by welding to previously qualified procedures, Plains then stated the welding had been done using Welding Procedure Specification GS-G4265L205. This procedure has a base material range of API 5L X42 to API 5L X65 which spans three separate groups of materials specified API 1104. According to API 1104, a change of base material constitutes a change of an essential variable and requires a separate procedure qualification test. Plains could not present PHMSA with welding procedure qualifications (coupon test reports) for each of the separate material groups specified by Welding Procedure Specification GS-G4265L205. Consequently, GS-G4265L205 was not a qualified welding procedure and in turn the welders were not properly qualified because they were not welding to a previously qualified procedure as required by §195.214 and API 1104, Section 5 (incorporated by reference).

Proposed Compliance Order

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 propose a civil penalty assessment at this time.

With respect to item(s) 1 and 2 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Plains. 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. All material you submit in response to this enforcement action may be 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 4-2015-5025** 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 Pipeline, L.P. a Compliance Order incorporating the following remedial requirements to ensure the compliance of Plains Pipeline, L.P. with the pipeline safety regulations:

1. In regard to Items Number 1 and 2 of the Notice pertaining to welding, Plains must cease from using Welding Procedure Specification CS-G4265L205 until it properly qualifies the welding procedure for each group of base materials listed on the procedure specification. For any welds that have been made by using this procedure, Plains must submit documentation that shows the welds meet the required strength and mechanical properties required for the application. This documentation must include some destructive testing results from weld made to this unqualified procedure.

If Plains is unable to provide proper documentation all welds made using the unqualified procedure must be cut out and re-welded with properly qualified welders using a qualified procedure and for the material grades being welded as required by API 1104 (incorporated by reference).

2. Plains must complete the requirements described in Item 1 within 90 days of the date of the Order.
3. It is requested (not mandated) that Plains Pipeline, L.P. maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to R. M. Seeley, Director, Southwest, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs 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.