

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 11, 2016

Mr. Phil Smith
Vice President of Operations
Plains Marketing, L.P.
333 Clay Street
Suite 1600
Houston, TX 77002

CPF 4-2016-5024

Dear Mr. Smith:

On May 16, 2016, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code inspected several late submittals of operator registry notifications by Plains Marketing, L.P. in Houston, TX.

As a result of the late submittals, it appears that Plains Marketing, L.P. has committed probable violations of the Pipeline Safety Regulations, Title 49, and Code of Federal Regulations and Section 15 of the Pipeline Safety Improvement Act of 2002. The items inspected and the probable violations are:

1. §195.64 National Registry of Pipeline and LNG Operators

(c) Changes. Each operator must notify PHMSA electronically through the National Registry of Pipeline and LNG Operators at <http://opsweb.phmsa.dot.gov>, of certain events.

(1) An operator must notify PHMSA of any of the following events not later than 60 days before the event occurs:

(i) Construction or any planned rehabilitation, replacement, modification, upgrade, uprate, or update of a facility, other than a section of line pipe that costs \$10 million or more. If 60 day notice is not feasible because of an emergency, an operator must notify PHMSA as soon as practicable;

(ii) Construction of 10 or more miles of a new hazardous liquid pipeline; or

(iii) Construction of a new hazardous liquid pipeline facility.

Plains Marketing, L.P. failed to provide adequate notifications for several construction projects submitted on three construction notifications which consist of 10 breakout tanks and associated piping as required by 49 CFR §195.64(c)(1). On December 11, 2015, Plains Marketing submitted a late construction notification to PHMSA (F-20151211-9202). The project described in this submittal pertains to the construction of three breakout tanks in Lincoln County, Oklahoma with an anticipated start date of field work activities on July 1, 2015 which was before the notification date. Plains representative confirmed that construction began prior to notification date; however, the start date of construction was delayed until August 3, 2015. Therefore, the notification should have been submitted no later than June 4, 2015 in order to provide PHMSA the required 60 day notice prior to construction as required by §195.64(c)(1). As a result, Plains Marketing, L.P. notified PHMSA 190 days late.

On October 28, 2014, Plains Marketing submitted a late construction notification to PHMSA (F-20141028-6202). The project described in this submittal pertains to the construction of five breakout tanks in Lincoln County, Oklahoma with an anticipated start date of field work activities on November 25, 2014. Plains representative indicated that the actual construction start date was December 13, 2014. Therefore, the notification should have been submitted no later than October 14, 2014 in order to provide PHMSA the required 60 day notice prior to construction as required by §195.64(c)(1). As a result, Plains Marketing, L.P. notified PHMSA 14 days late.

On April 28, 2016, Plains Marketing submitted a late construction notification to PHMSA (F-20160428-11144). The project described in this submittal pertains to the construction of two breakout tanks in Lincoln County, Oklahoma along with two breakout tanks in Payne County, Oklahoma with an anticipated start date of field work activities on June 1, 2016. The notification should have been submitted no later than April 2, 2016 in order to provide PHMSA the required

60 day notice prior to construction as required by §195.64(c)(1). As a result, Plains Marketing, L.P. notified PHMSA 26 days late.

Proposed Civil Penalty

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. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$33,500 as follows:

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 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 4-2016-5024** 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

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*