Mr. Greg L. Armstrong, CEO
Plains All American Pipeline, LP
333 Clay Street, Suite 1600
Houston, Texas 77002

Re: CPF No. 2-2016-6003

Dear Mr. Armstrong:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation, assesses a reduced civil penalty of $47,400 and specifies actions that need to be taken by Plains Marketing, LP, a subsidiary of Plains All American Pipeline, LP, to comply with the pipeline safety regulations. The penalty payment terms are set forth in the Final Order. When the civil penalty has been paid and the terms of the compliance order completed, as determined by the Director, Southern Region, this enforcement action will be closed. Service of the Final Order by certified mail is effective upon the date of mailing as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

[Signature]
Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. James Urisko, Director, Southern Region, Office of Pipeline Safety, PHMSA
Mr. Wm. Dean Gore, Jr., Vice President, Environmental and Regulatory Compliance,
Plains Marketing, LP, 333 Clay Street, Suite 1600, Houston, Texas 77002

CERTIFIED MAIL - RETURN RECEIPT REQUESTED
In the Matter of

Plains Marketing, LP,

a subsidiary of Plains All American Pipeline, LP,

Respondent.

CPF No. 2-2016-6003

FINAL ORDER

From August 31 through September 3, 2015, and September 21 through September 23, 2015, pursuant to 49 U.S.C. § 60117, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the written procedures and records of Plains Marketing, LP (Plains), in Houston, Texas and York, South Carolina, and its liquefied petroleum gas pipeline facilities in South Carolina. Plains is an operating subsidiary of Plains All American Pipeline, LP, (PAA).1 PAA engages in the pipeline transportation of crude oil, refined products, natural gas, and natural gas liquids in the United States and Canada.2

As a result of the inspection, the Director, Southern Region, OPS (Director), issued to Respondent, by letter dated August 12, 2016, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice), which also included warnings pursuant to 49 C.F.R. § 190.205. In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Plains had committed five violations of 49 C.F.R. Part 195 and proposed assessing a civil penalty of $47,500 for the alleged violations. The Notice also proposed ordering Respondent to take certain measures to correct the alleged violations. The warning items required no further action, but warned the operator to correct the probable violations or face possible future enforcement action.

Plains responded to the Notice by letter dated November 11, 2016 (Response). The company contested some of the allegations, offered additional information in response to the Notice, and


requested that the proposed civil penalty be reduced. Subsequently, on August 3, 2017, Respondent provided additional information in response to the Notice. Respondent did not request a hearing and therefore has waived its right to one.

**FINDINGS OF VIOLATION**

The Notice alleged that Respondent violated 49 C.F.R. Part 195, as follows:

**Item 2:** The Notice alleged that Respondent violated 49 C.F.R. § 195.228(b), which states:

§ 195.228  Welds and welding inspection: Standards of acceptability.

(a) ... 
(b) The acceptability of a weld is determined according to the standards in section 9 of API 1104. However, if a girth weld is unacceptable under those standards for a reason other than a crack, and if Appendix A to API 1104 (incorporated by reference, see § 195.3) applies to the weld, the acceptability of the weld may be determined under that appendix.³

The Notice alleged that Respondent violated 49 C.F.R. § 195.228(b) by failing to determine the acceptability of welds at its Heath Springs facility, according to the standards in Section 9 of API 1104. Specifically, the Notice alleged that Plains' construction records for the nondestructive testing examination of the welds in its Heath Springs facility referenced the American Society of Mechanical Engineers standard B31.3 as the standard used to determine the acceptability of the welds, not Section 9 of API 1104.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.228(b) by failing to determine the acceptability of welds at its Heath Springs facility, according to the standards in Section 9 of API 1104.

**Item 3:** The Notice alleged that Respondent violated 49 C.F.R. § 195.266(a), which states:

§ 195.266  Construction records.

A complete record that shows the following must be maintained by the operator involved for the life of each pipeline facility:

(a) The total number of girth welds and the number nondestructively tested, including the number rejected and the disposition of each rejected weld.

The Notice alleged that Respondent violated 49 C.F.R. § 195.266(a) by failing to maintain a complete record that showed the disposition of each rejected girth weld for the life of each

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³ This was the version of § 195.228(b) in effect at the time of the inspection. Section 195.228(b) was amended on October 1, 2015, and currently reads, "The acceptability of a weld is determined according to the standards in section 9 or Appendix A of API Std 1104 (incorporated by reference, see §195.3). Appendix A of API Std 1104 may not be used to accept cracks."
pipeline facility. Specifically, the Notice alleged that Plains’ Radiography Examination Reports from the construction of Plains’ Heath Springs facility failed to include sufficient detail to determine the disposition of rejected welds W-61 on line segment D-C3-132 and W-266 on a mainline pump, 2-inch relief line at Tirzah Terminal.

In its Response, Plains acknowledged that it did not have documentation of the disposition of rejected weld W-61 and noted that line segment D-C3-132 was completely replaced during a maintenance project in 2016. However, Plains contested the allegation as it applied to weld W-266. Plains provided the Radiography Examination Report demonstrating that weld W-266 was replaced by weld W-303 on June 5, 2015. This record was not available during the inspection, but Plains argued that it demonstrates that Plains, as it relates to failed weld W-266, was indeed in compliance with § 195.266(a) as of the date of the inspection.

I agree. Accordingly, after considering all of the evidence, I find that Respondent violated 49 C.F.R. § 195.266(a) by failing to maintain a complete record that showed the disposition of weld W-61 on line segment D-C3-132, for the life of the pipeline facility. The allegation relating to failed weld W-266 on a mainline pump, 2-inch relief line at Tirzah Terminal, is withdrawn.

Item 4: The Notice alleged that Respondent violated 49 C.F.R. § 195.304, which states:

§ 195.304 Test pressure.

The test pressure for each pressure test conducted under this subpart must be maintained throughout the part of the system being tested for at least 4 continuous hours at a pressure equal to 125 percent, or more, of the maximum operating pressure and, in the case of a pipeline that is not visually inspected for leakage during the test, for at least an additional 4 continuous hours at a pressure equal to 110 percent, or more, of the maximum operating pressure.

The Notice alleged that Respondent violated 49 C.F.R. § 195.304 by failing to pressure-test the piping at its Heath Springs facility for at least four continuous hours at a pressure equal to 125 percent of the maximum operating pressure (MOP) of the pipeline. Specifically, the Notice alleged that Plains’ pressure-test records for above-ground piping at the Heath Springs facility showed that the piping was pressure-tested for one hour, not the minimum four continuous hours required by § 195.304.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.304 by failing to pressure-test the piping at its Heath Springs facility for at least four continuous hours at a pressure equal to 125 percent of the MOP.

Item 5: The Notice alleged that Respondent violated 49 C.F.R. § 195.404(a)(3), which states:

§ 195.404 Maps and records.

(a) Each operator shall maintain current maps and records of its pipeline systems that include at least the following information:
(1) ...  

(3) The maximum operating pressure of each pipeline.

The Notice alleged that Respondent violated 49 C.F.R. § 195.404(a)(3) by failing to maintain current maps and records of its pipeline systems that include the MOP of each pipeline at its Tirzah Terminal. Specifically, the Notice alleged that Plains could not produce any maps or records showing the MOP of the pipeline segments at its Tirzah Terminal during the 2015 inspection.

In its Response, Plains argued that it did not violate § 195.404(a)(3) and submitted three sets of documents, titled “Tirzah Terminal Facility Maximum Operating Pressure Determinations,” “Line Schedule,” and “Piping Bill Material.” Plains acknowledged that these records were not immediately available during the 2015 inspection. The MOP determinations table, which had been undated, provided the MOP of each pipeline within the Tirzah Terminal pipeline system. The Tirzah Terminal line schedule and piping bill material construction records included design pressures and materials used during construction and were dated from 1978. Plains also noted that it had begun “walking down” the piping at the facility and planned to update the MOP determinations table, as necessary, by December 31, 2016.

Section 195.404(a)(3) requires an operator to “maintain current maps and records...of the maximum operating pressure of each pipeline” (emphasis added). The MOP table and historical records provided by Plains in its Response fail to demonstrate that it maintained current maps and records of the MOP of each pipeline as of the date of the 2015 PHMSA inspection. Specifically, the MOP determinations table is undated but does not have a time stamp; therefore, it is impossible to tell if the MOP determinations table was created before or after the inspection or whether it was current. The historical line schedule and construction records from 1978 support the data provided in the MOP determinations table, but do not alone satisfy the requirement of § 195.404(a)(3) because those records do not contain the MOP of each pipeline. In its Response, Plains acknowledged that it was in the process of walking down the piping at the facility and would be updating the MOP determinations table as necessary.

Accordingly, after considering all of the evidence, I find that Respondent violated 49 C.F.R. § 195.404(a)(3) by failing to maintain current maps and records of its pipeline systems that included the maximum operating pressure (MOP) of each pipeline at its Tirzah Terminal.

Item 8: The Notice alleged that Respondent violated 49 C.F.R. § 195.507(b), which states:

§ 195.507 Recordkeeping.
Each operator shall maintain records that demonstrate compliance with this subpart.

(a) ...

(b) Records supporting an individual’s current qualification shall be maintained while the individual is performing the covered task. Records of prior qualification and records of individuals no longer performing covered task shall be retained for a period of five years.
The Notice alleged that Respondent violated 49 C.F.R. § 195.507(b) by failing to maintain records supporting an individual’s current qualification to perform a covered task while that individual is performing the covered task. Specifically, the Notice alleged that Plains could not provide records supporting a certain individual’s qualifications who had performed rectifier inspections, which is a covered task. The individual was a Dominion Carolina Gas Transmission (DCGT) employee who performed rectifier inspections for a shared rectifier that provided cathodic protection to one pipeline operated by Plains and one pipeline operated by DCGT. The Notice alleged that Plains’ rectifier-inspection records showed that the DCGT employee performed rectifier inspections for Plains in 2013, 2014, and 2015. However, the Notice alleged, Plains was unable to provide that individual’s qualification records.

In its Response, Plains noted that during the inspection, DCGT was reluctant to provide Plains with the operator qualification (OQ) records for the DCGT employee. Plains also argued that the individual did not perform a covered task and that the bulk of the rectifier data it received from the DCGT employee was downloaded via a remote data-acquisition system rather than being directly read from the rectifier in the field. Plains argued that downloading rectifier data does not constitute or equate to actual inspection of a rectifier. Therefore, Plains argued, the DCGT employee who sent Plains the rectifier-inspection data was not performing a covered task because downloading the rectifier data was an administrative and ministerial task. Furthermore, Plains argued, no special training is required to perform the task of downloading rectifier data, and anyone with access to the remote system can download the data. Plains argued further that inspection of the rectifier would occur when a qualified individual reviewed the rectifier data. Plains noted that during the inspection, it provided the OQ records for the Plains employees who reviewed the rectifier data during the 2013-2015 period. In a subsequent filing, dated August 3, 2017, Plains ultimately provided the OQ records for the DCGT employee at issue.4

I disagree. Section 195.507(b) requires an operator to maintain records supporting an individual’s current qualification to perform a covered task for as long as they are performing that covered task. As defined under the four-part test in § 195.501(b), a “covered task” is an activity identified by the operator that is performed on a pipeline facility, is an operations or maintenance task, is performed as a requirement of 49 C.F.R. Part 195, and affects the operation or integrity of the pipeline. Plains does not dispute that it relied upon a DCGT employee to inspect the rectifier it shared with DCGT nor does it dispute that inspecting a rectifier is a covered task.5 Rather, Plains argues that since the bulk of the rectifier data was downloaded remotely, the covered task of inspecting a rectifier did not occur until Plains reviewed the rectifier data.

I am unpersuaded by Plains’ argument that the rectifier inspections at issue here were limited to reviewing the rectifier inspection data it received from DCGT. Section 195.573(c) requires an

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5 Note: Part 195 does not require rectifier “inspections;” the term “inspection” is a colloquialism. Section 195.573(c) requires rectifiers to be electrically checked for proper performance at least six times a year, but with intervals not exceeding two-and-a-half months.
operator to “electrically check for proper performance” each rectifier at least six times each calendar year, but with intervals not exceeding 2½ months. PHMSA has provided fair notice of how it interprets this regulatory requirement where remote monitoring devices are used. In its Enforcement Guidance on Corrosion, it has noted that “remote monitoring devices which are used to read rectifiers, bonds, or test stations, must be periodically calibrated or checked for accuracy if the readings are used to meet compliance requirements and time frames.” Consequently, inspection of a rectifier does not simply consist of obtaining and reviewing rectifier data sent remotely; it requires an operator to periodically check and calibrate the rectifier to ensure the accuracy of the data the remote monitoring device it is providing.

It is clear that Plains’ rectifier-inspection records from 2013-2015 show that the individual performing the covered task of performing certain rectifier inspections for Plains was a DCGT employee. The record demonstrates that Plains did not have the OQ records for this employee while the individual was performing the covered task. Thus, I find that Plains was not in compliance with the requirement in § 195.507(b) from 2013-2015. While Plains eventually obtained such records, and submitted them to PHMSA in August 2017, the failure by Plains to obtain the records for an additional two years following the 2015 PHMSA inspection further demonstrates Plains’ failure to maintain the records as specified in § 195.507(b) while the individual was performing the covered task from 2013-2015.

Accordingly, after considering all of the evidence, I find that Respondent violated 49 C.F.R. § 195.507(b) by failing to maintain records supporting an individual’s current qualification to perform rectifier inspections, a covered task.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

**ASSESSMENT OF PENALTY**

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed $200,000 per violation for each day of the violation, up to a maximum of $2,000,000 for any related series of violations.⁷

In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent’s culpability; the history of Respondent’s prior offenses; and any effect that the penalty may have on its ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation

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without any reduction because of subsequent damages, and such other matters as justice may require. The Notice proposed a total civil penalty of $47,500 for the violations cited above.

**Item 3:** The Notice proposed a civil penalty of $20,200 for Respondent’s violation of 49 C.F.R. § 195.266(a), for failing to maintain a complete record that showed the disposition of each rejected girth weld for the life of each pipeline facility. Plains argued that a penalty reduction was warranted because the repair records were provided for weld W-266 and because weld W-61 no longer exists since line segment D-C3-132 was replaced in 2016.

With respect to the nature and circumstances of the violation for failing to maintain a complete record showing the disposition of each rejected girth weld for the life of each pipeline facility, OPS alleged that the violation involved a failure to properly maintain a record and that had been discovered by PHMSA. With respect to gravity, OPS alleged that there were two instances of violation but that the violation minimally affected pipeline safety or integrity. The two instances of violation were the two rejected welds for which the final disposition could not be determined from Respondent’s records. However, since the allegation regarding weld W-266 has been withdrawn, I find that a reduction in the number of instances from two to one is appropriate. This results in a marginal reduction of the penalty. Regarding weld W-61, however, I do not find its replacement in 2016 serves to further reduce the penalty because the line replacement only took place after PHMSA had already conducted the inspection and identified the violation.

Regarding culpability, OPS noted that Respondent took action to comply with the regulation but failed to achieve compliance. Regarding history of prior offenses, the Violation Report notes that Respondent had had more than six violations in the five years preceding the issuance of the Notice. With respect to good faith, OPS did not propose a credit.

Having reviewed the civil penalty assessment factors, I find the evidence supports assessment of a reduced civil penalty. Accordingly, Respondent is assessed a reduced civil penalty of $20,100 for the violation of 49 C.F.R. § 195.266(a).

**Item 8:** The Notice proposed a civil penalty of $27,300 for Respondent’s violation of 49 C.F.R. § 195.507(b), for failing to maintain records supporting an individual’s current qualification to perform a covered task, during the time period when the individual is performing the covered task. As discussed above, I found that Plains failed to maintain records for a DCGT employee who performed rectifier inspections for a rectifier shared by Plains and DCGT.

Aside from contesting the violation, Respondent did not present any civil penalty-specific evidence or argument justifying an elimination or reduction in penalty. With respect to the nature and circumstances of the violation, OPS alleged the violation involved a failure to maintain records and that had been discovered by PHMSA. With respect to gravity, OPS alleged that there was one instance of violation that minimally affected pipeline safety or integrity. Regarding culpability, OPS noted that Respondent had failed to take appropriate action to comply with a requirement that was clearly applicable. Regarding history of prior offenses, the Violation Report noted that Respondent had had more than six violations in the five years preceding the issuance of the Notice. With respect to good faith, OPS did not propose a credit.
Having reviewed the civil penalty assessment factors, I find the evidence supports assessment of the proposed civil penalty. Accordingly, I assess Respondent a civil penalty of $27,300 for violation of 49 C.F.R. § 195.507(b).

In summary, having reviewed the record and considered the assessment criteria for each of the Items cited above, I assess Respondent a total reduced civil penalty of $47,400.

Payment of the civil penalty must be made within 20 days of service. Federal regulations (49 C.F.R. § 89.21(b)(3)) require such payment to be made by wire transfer through the Federal Reserve Communications System (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMK-325), Federal Aviation Administration, Mike Monroney Aeronautical Center, 6500 S MacArthur Blvd, Oklahoma City, Oklahoma 79169. The Financial Operations Division telephone number is (405) 954-8845.

Failure to pay the $47,400 civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 C.F.R. § 901.9 and 49 C.F.R. § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in a district court of the United States.

**COMPLIANCE ORDER**

The Notice proposed a compliance order with respect to Items 2, 4, and 5 in the Notice for violations of 49 C.F.R. §§ 195.228(b), 195.304, and 195.404(a)(3), respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 195.228(b) (Item 2), Respondent must review welding records for its Heath Springs facility to identify all welds for which the acceptability of the welds was not determined according to the standards in Section 9 of API 1104. For welds for which the acceptability of the welds was not determined in accordance with the standards in Section 9 of API 1104, Plains must evaluate the acceptability of the weld according to the standards in Section 9 of API 1104.

2. With respect to the violation of § 195.304 (Item 4), Respondent must conduct a pressure test meeting the requirements of 49 C.F.R. Part 195, Subpart E, of the piping at its Heath Springs facility.

3. With respect to the violation of § 195.404(a)(3) (Item 5), Respondent must reevaluate the MOP of each pipeline segment at its Tirzah Terminal and update its
maps and records to accurately reflect the results of the MOP evaluation.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

It is requested that Respondent maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit it to the Director, Southern Region, 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.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed $200,000, as adjusted for inflation (49 C.F.R. § 190.223), for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

WARNING ITEMS

With respect to Items 1, 6, 7, and 9, the Notice alleged probable violations of Part 195 but did not propose a civil penalty or compliance order for these items. Therefore, these are considered to be warning items. The warnings were for:

49 C.F.R. § 195.208 (Item 1) — Respondent’s alleged violation of § 195.208 by welding supports directly to pipe that was operated at a pressure exceeding 100 p.s.i. (689 kPA) gage.

49 C.F.R. § 195.410(a)(2)(i) (Item 6) — Respondent’s alleged failure to place and maintain line markers over each buried pipeline, with a background of sharply contrasting color that stated the word “Warning,” “Caution,” or “Danger,” followed by the words “Petroleum (or the name of the hazardous liquid transported) Pipeline.” At several locations, the word “Warning” on the pipeline marker had faded and was illegible.

49 C.F.R. § 195.434 (Item 7) — Respondent’s alleged failure to maintain signs visible to the public at the Heath Springs pump station, containing the operator’s name and telephone number (including area code) where the operator could be reached at all times.

49 C.F.R. § 195.507(b) (Item 9) — Respondent’s alleged failure to maintain records showing that an individual who conducted aerial patrols, a covered task, was qualified.
Plains presented information in its Response showing that it had taken certain actions to address the cited items. Pursuant to § 190.205, an adjudication is not conducted for warnings to determine if a violation occurred. If OPS finds a violation of any of these items in a subsequent inspection, Respondent may be subject to future enforcement action.

Under 49 C.F.R. § 190.243, Respondent may submit a Petition for Reconsideration of this Final Order to the Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address, no later than 20 days after receipt of service of this Final Order by Respondent. Any petition submitted must contain a statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. The filing of a petition automatically stays the payment of any civil penalty assessed. The other terms of the order, including corrective action, remain in effect unless the Associate Administrator, upon request, grants a stay. The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

Alan K. Mayberry
Associate Administrator for Pipeline Safety

MAY 10 2018

Date Issued