

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

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

August 12, 2016

Mr. Dean Gore  
Vice President, Environmental & Regulatory Compliance  
Plains Marketing, L.P.  
333 Clay Street, Suite 1600  
Houston, TX 77002

**CPF 2-2016-6003**

Dear Mr. Gore:

From August 31 to September 3, and September 21 to 23, 2015, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Southern Region, Office of Pipeline Safety (OPS), inspected the Plains Marketing, L.P. (Plains) written procedures and records at Plains' offices in Houston, Texas and York, South Carolina, and its liquefied petroleum gas pipeline facilities in South Carolina, pursuant to Chapter 601 of 49 United States Code.

As a result of the inspection, it appears that Plains has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

- 1. § 195.208 Welding of supports and braces.  
Supports or braces may not be welded directly to pipe that will be operated at a pressure of more than 100 p.s.i. (689 kPa) gage.**

Plains welded supports directly to pipe that operated at a pressure exceeding 100 p.s.i. (689 kPa) gage. During an on-site inspection of Plains' Heath Spring facility, a PHMSA representative observed and photographed supports welded directly to truck prover

connections that were designed to operate at pressures of more than 100 p.s.i. (689 kPa) gage.

**2. § 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.**

Plains did not determine the acceptability of welds, in its Heath Springs facility, according to the standards in Section 9 of API 1104.

Plains' construction records for the nondestructive testing (NDT) examination of the welds in its Heath Springs facility referenced The American Society of Mechanical Engineers (ASME) Standard B31.3 as the standard used to determine the acceptability of the welds, not Section 9 of API 1104 as required by the regulation. The weld acceptability standards in API 1104 differ from those in ASME Standard B31.3.

**3. § 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.**

Plains did not maintain a complete record that showed the disposition of each rejected weld for the life of each pipeline facility.

Radiography Examination Reports, from the construction of Plains' Heath Springs facility, indicated that weld W-61 on line segment D-C3-132 and weld W-266 on a mainline pump, 2-inch relief line at Tirzah Terminal had been rejected. However, The Radiography Examination Reports did not include sufficient detail to determine the disposition of each rejected weld. Plains did not provide any additional documentation to show the disposition of the rejected welds.

**4. § 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.**

Plains did not pressure test the piping at its Heath Springs facility for at least 4 continuous hours at a pressure equal to 125 percent, or more, of the maximum operating pressure. A June 4, 2015 Pressure test record, for aboveground piping at the Heath

Springs facility, showed that the piping was pressure tested for 1 hour, not for a minimum of 4 hours as required by this section.

**5. §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.**

Plains failed to maintain current maps and records of its pipeline systems that included the maximum operating pressure (MOP) of each pipeline segment at its Tirzah Terminal.

During the inspection, a PHMSA representative requested documentation showing the MOP of the pipeline segments at the Tirzah Terminal. Plains did not produce any maps or records showing the MOP of the pipelines segments at its Tirzah Terminal.

**6. § 195.410 Line Markers**

**(a) Except as provided in paragraph (b) of this section, each operator shall place and maintain line markers over each buried pipeline in accordance with the following:**

**(1) ...**

**(2) The marker must state at least the following on a background of sharply contrasting color:**

**(i) The word “Warning,” “Caution,” or “Danger” followed by the words “Petroleum (or the name of the hazardous liquid transported) Pipeline,” or “Carbon Dioxide Pipeline,” all of which, except for markers in heavily developed urban areas, must be in letters at least 1 inch (25 millimeters) high with an approximate stroke of ¼-inch (6.4 millimeters).**

Plains did not place and maintain line markers over each buried pipeline, on 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.”

During the field inspection, a PHMSA representative identified and photographed several locations with pipeline markers which appeared to be missing the word “Warning,” “Caution,” or “Danger.” Closer inspection of the pipeline markers revealed that the word “Warning” on the pipeline markers had faded, so as to be indistinguishable from the background color. Plains personnel stated that the wording was originally red. After the inspection, Plains contacted the region indicating that it had replaced the faded pipeline markers.

**7. § 195.434 Signs.**

**Each operator must maintain signs visible to the public around each pumping station and breakout tank area. Each sign must contain the name of the operator and a telephone number (including area code) where the operator can be reached at all times.**

Plains did not maintain signs visible to the public around each pumping station.

During the inspection of Plains' Heath Springs facility, a pumping station, a PHMSA representative observed a sign at the facility entrance that contained the name of the operator and a telephone number (including area code) where the operator could be reached at all times. While there were other signs around the perimeter of the pumping station, the signs did not contain the name of the operator and a telephone number (including area code) where the operator could be reached at all times.

Plains personnel acknowledged that there were not additional signs containing the name of the operator and a telephone number (including area code) where the operator could be reached at all times posted around the perimeter of the station.

**8. § 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 tasks shall be retained for a period of five years.**

Plains did not demonstrate compliance with Subpart G by maintaining records supporting that an individual was qualified when the individual performed covered tasks.

Plains and Dominion Carolina Gas Transmission (DCGT) share a rectifier that provides cathodic protection current to two pipelines, one operated by Plains and one operated by DCGT. Plains' rectifier inspection records showed that a DCGT employee performed rectifier inspections for Plains in 2013, 2014, and 2015. A PHMSA representative requested OQ documentation showing that the DCGT employee was qualified to perform rectifier inspections, a covered task. Plains did not produce any records to demonstrate that this employee was qualified to perform rectifier inspections in 2013, 2014, or 2015.

**9. 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 tasks shall be retained for a period of five years.**

Plains did not demonstrate compliance with Subpart G by maintaining records supporting that an individual was qualified when the individual performed covered tasks.

Plains' Aerial patrolling records showed that Plains used Lenhart Aerial Patrol to perform weekly aerial patrols of its pipeline right-of-way. After reviewing aerial patrolling

records from January 2011, a PHMSA representative requested the operator qualification records for the aerial patrol pilot, an employee of Lenhart Aerial Patrol, to establish that he was qualified to perform the covered task in January 2011. Plains did not produce any records to demonstrate that the Lenhart employee was qualified to perform the aerial patrols in January 2011. At the time of the inspection, the requested records were within the five year record retention period required by this section.

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 violations and has recommended that you be preliminarily assessed a civil penalty of \$47,500 as follows:

<u>Item Number</u>	<u>PENALTY</u>
3	\$20,200
8	\$27,300

Warning Items

With respect to items 1, 6, 7, and 9 we have reviewed the circumstances and supporting documents involved in this case and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to promptly correct these items. Failure to do so may result in additional enforcement action.

Proposed Compliance Order

With respect to items 2, 4, and 5, 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. 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 2-2016-6003** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

James A. Urisko  
Director, Office of Pipeline Safety  
PHMSA Southern Region

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. (Plains), a Compliance Order incorporating the following remedial requirements to ensure the compliance of Plains with the pipeline safety regulations:

1. In regard to Item Number 2 of the Notice, pertaining to Plains not determining the acceptability of welds, in its Heath Springs facility, according to the standards in Section 9 of API 1104, Plains 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. In regard to Item Number 4 of the Notice, pertaining to Plains not pressure testing piping at its Heath Springs facility for at least 4 continuous hours at a pressure equal to 125 percent, or more, of the maximum operating pressure, Plains must conduct a pressure test, meeting the Subpart E requirements, of the piping at its Heath Springs facility.
3. In regard to Item Number 5 of the Notice, pertaining to Plains failure to maintain current maps and records of its pipeline systems that included the maximum operating pressure (MOP) of each pipeline segment at its Tirzah Terminal, Plains 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.
4. Plains must complete the above items and prepare records to document the results within 90 days after the receipt of the Final Order.
5. Plains must provide the Director, Pipeline and Hazardous Materials Safety Administration, Southern Region, Office of Pipeline Safety, records demonstrating completion of the Compliance Order items, within 120 days after the receipt of the Final Order.
6. It is requested (not mandated) that Plains maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director, Pipeline and Hazardous Materials Safety Administration, Southern Region, Office of Pipeline Safety.

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.