

PLAINS
MARKETING, L.P.

November 11, 2016

Certified Mail No: 7010 1870 0001 4726 2556

Mr. James A. Urisko
Director Office of Pipeline Safety
Pipeline and Hazardous Material Safety Administration, Southern Region
233 Peachtree Street Ste. 600
Atlanta, GA 30303

**Subject: Notice of Probable Violation, Proposed Civil Penalty, and
Proposed Compliance Order CPF 2-2016-6003
Plains Marketing, L.P.**

Dear Mr. Urisko:

On August 15, 2016, Plains Marketing, L.P. (Plains), received a Notice of Probable Violation (Notice), Proposed Civil Penalty (Penalty), and Proposed Compliance Order (Order) CPF 2-2016-6003 dated August 12, 2016, from the Pipeline and Hazardous Materials Safety Administration (PHMSA) concerning a PHMSA integrated investigation of Plains Tirzah Pipeline in South Carolina. The Notice, Penalty, and Order are included as Enclosure 1. Plains appreciates the additional time PHMSA granted to prepare this response.

Compliance with PHMSA's pipeline safety regulations is a priority for Plains. Accordingly, in 2006 we sought the opinion of an independent third-party consultant concerning the jurisdictional status of the Tirzah Cavern Terminal (Tirzah Terminal). The consultant concluded that the pipelines running downstream of the refinery fence line were exempt "in-plant piping systems" under 49 Code of Federal Regulations (CFR) § 195.1(b)(8) because there were no pressure control devices inside the refinery fence line.

In 2015, Plains again sought a jurisdictional assessment of this system in light of the construction of the Heath Springs Terminal. A second consultant reviewed the layout and operations of the Tirzah Pipeline, the Tirzah Terminal, and the Heath Springs Terminal and concluded that all piping and processes between the first valve located on the pipe from the Tirzah pipeline and the Heath Springs Terminal were exempt under either 49 CFR § 195.1(b)(8) or (b)(9)(ii) as piping and processes used for storage and transportation facilities. As such, the consultant concluded that the Tirzah and Heath Springs Terminals were subject to the Occupational Safety and Health Administration's (OSHA) jurisdiction, rather than PHMSA's. Plains operated the Tirzah and Heath Springs Terminals in good faith reliance on these assessments until the PHMSA integrated investigation that produced the above-referenced notice.

Following receipt of the Notice, Plains again conducted a review of operations at both Tirzah and Heath Springs Terminals. The Company was unable to confirm, however, that current operations qualify for an exemption under either 49 CFR § 195.1(b)(8) or (b)(9)(ii). Accordingly, Plains does not contest PHMSA jurisdiction over these facilities. In light of this

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review, Plains respectfully submits the following responses to the specific violations alleged in the Notice and Order:

1. ***49 CFR § 195.208– Pipe supports improperly welded directly to truck prover connections at Heath Springs Terminal.***

Plains Response: Plains does not contest this violation and has corrected the pipe supports for the truck prover connections at Heath Springs Terminal to be compliant with 49 CFR § 195.208, as shown in Photograph 1 of Enclosure 2.

2. ***49 CFR § 195.228– Use of improper welding inspection standard (American Society of Mechanical Engineers B31.3), instead of American Petroleum Institute (API) 1104, Section 9, for piping subject to PHMSA jurisdiction at Heath Springs Terminal.***

Plains Response: Plains does not contest this violation. As required by Item 1 of the Order, Plains is reviewing the applicable welding records for the Heath Springs Terminal to identify all welds where acceptability of the weld was not determined according to the standards in Section 9 of API 1104. Welds identified during this review will be re-evaluated for acceptability according to the standards in Section 9 of API 1104 by November 30, 2016. Any identified welds with records that are found to be insufficient for re-evaluation will be nondestructively tested and evaluated for acceptability by the standards in Section 9 of API 1104. Plains expects testing and evaluation of any additional welds to be completed by January 31, 2017.

3. ***49 CFR § 195.266– Failure to maintain records that rejected welds were corrected at Heath Springs Terminal and Tirzah Terminal. Specifically, Radiography Examination Reports, from the construction of Plains' Heath Springs Terminal, 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.***

Plains Response: Plains does not contest this violation as it applies to rejected weld W-61 on line segment D-C3-132 at Heath Springs Terminal. After a thorough review of the construction records for this terminal, Plains was unable to find documentation that this weld was corrected. Line segment D-C3-132 was, however, completely replaced during a maintenance project in 2016. As a result, this weld no longer exists.

Plains does contest this violation as it applies to rejected weld W-266. Upon further review of its records, Plains does have a record showing the disposition of rejected weld W-266. As the documentation provided in Enclosure 3 indicates, weld W-303 replaced weld W-266 on a mainline pump, 2-inch relief line at Tirzah Terminal.

Plains requests a reduction in the Penalty amount associated with this violation because the repair record was found for weld W-266, and because weld W-61 no longer exists as a result of the replacement of line segment D-C3-132.

4. 49 CFR § 195.304– Failure to test aboveground piping for at least 4 continuous hours at Heath Springs Terminal.

Plains Response: Plains does not contest this violation. As required by Item 2 of the Order, Plains will conduct a review of the pressure test records for above ground piping at the Heath Springs Terminal. Any applicable piping systems that were not pressure tested in accordance with the 49 CFR § 195.304 pressure testing requirements, will be retested in accordance with those criteria by February 14, 2017.

5. 49 CFR § 195.404– Failure to maintain maps and records for establishing Maximum Operating Pressure (MOP) for piping at Tirzah Terminal

Plains Response: Plains contests this violation. Although not immediately available to the PHMSA auditors during the 2015 audit, Plains has located the construction records for Tirzah Terminal. These records, which include design pressures and materials of construction for jurisdictional facility piping, are provided in Enclosure 4. A table of MOP determinations (MOP table) for this facility piping also is included in Enclosure 4.

Nevertheless, Plains has begun a walk down of this piping to compare it against relevant data—for example, American National Standards Institute ratings on valves—in the enclosed records that were used for MOP determinations. Plains anticipates it will complete the walk down of jurisdictional piping at Tirzah Terminal and will update the MOP table, as necessary, by December 31, 2016, which we believe should satisfy Item 3 of the Order.

6. 49 CFR § 195.410– Failure to maintain line markers in sharply contrasting color that states “Warning” for Tirzah Pipeline.

Plains Response: Plains does not contest this violation. As mentioned in the Notice, Plains replaced all of the line markers that did not have a sharply contrasting color for the word “Warning” following the 2015 PHMSA audit. It would appear that this issue likely arose because the red paint used for the “Warning” lettering was not resistant to ultraviolet light (UV), which causes such paint to turn dark gray over time. The paint colors used for the replacement line markers are UV resistant.

7. 49 CFR § 195.434– Failure to post signs around the perimeter of Heath Springs Terminal with operator name and 24-hour emergency number.

Plains Response: Plains does not contest this violation and has placed signs around the perimeter of the Health Spring Terminal that contain the name of the operator and a telephone number (including area code) where the operator can be reached at all times. As shown in Photographs 2 through 5 of Enclosure 2, these signs are compliant with 49 CFR § 195.434.

8. ***49 CFR § 195.507– Failure to maintain Operator Qualification(OQ) records for Dominion Carolina Gas Transmission (DCGT) employee, who inspected rectifiers for Plains from 2013 through 2015, that provided impressed current to Tirzah Pipeline and a DCGT Pipeline in common right-of-way.***

Plains Response: Plains contests this violation and objects to the associated penalty. During the 2015 PHMSA audit, DCGT was reluctant to provide Plains the OQ records for the DCGT employee, who had provided Plains rectifier inspection data (rectifier data) from 2013 through 2015. The bulk of the rectifier data, however, was downloaded via a remote data acquisition system (remote system) rather than being directly read from the rectifier in the field. Plains submits that downloading rectifier data in this manner is an administrative and ministerial task that does not qualify as a covered task. No special training is required to perform this function and anyone with access to the remote system can download the data. Downloading of data does not constitute or equate to actual inspection of the rectifier. Rather, an “inspection” of the rectifier would occur when a qualified individual reviews the rectifier data. During the 2015 PHMSA audit, Plains provided OQ records for the Plains employees, who reviewed the rectifier data during the 2013 through 2015 period. In any case, DCGT has recently agreed to provide Plains the OQ records for the employee in question, but was unable to provide those records in time for inclusion in this response and under the extended deadline. Plains will forward PHMSA those OQ records immediately after receipt.

9. ***49 CFR § 195.507– Failure to maintain OQ records for air patrol pilot for covered task performed in 2011.***

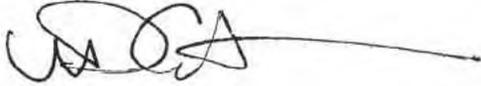
Plains Response: Plains does not contest this violation. Plains currently uses a different air patrol contractor and pilot than were used in 2011 and OQ records for this new pilot were provided to the PHMSA auditors during the 2015 audit.

For the reasons stated above, Plains requests that PHMSA rescind Violations 5 and 8; cancel Order Item 3; reduce the penalty associated with Violation 3; and eliminate the Penalty associated with Violation 8.

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Plains takes seriously its obligations to comply with the requirements of the Pipeline Safety regulations. To that end, Plains is committed to working with PHMSA to fully resolve this matter in an efficient and mutually agreeable manner. We look forward to your consideration of our response, but in the interim, please let us know if you have any further questions, or require additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'W.D. Gore, Jr.', with a long horizontal line extending to the right.

Wm. Dean Gore, Jr.
Vice President, Environmental & Regulatory Compliance

Enclosures (4)

cc: Jerry Mackey, Plains
Kevin Cunningham, Plains
Sandra Tasso, Plains
Shawn Marion, Plains
Thomas McLane, Plains
Tim Wharry, Plains
Vance Maynard, Plains
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