



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Ave., S.E.
Washington, DC 20590

NOV 7 2008

Mr. Harry N. Pefannis
President
Plains Pipeline, L.P.
333 Clay St., Suite 1600
Houston, TX 77002

Re: CPF No. 4-2007-5011

Dear Mr. Pefannis:

Enclosed is the Final Order issued in the above-referenced case. It makes findings of violation, specifies certain actions to be taken to comply with the pipeline safety regulations, and acknowledges that Plains Pipeline has completed other actions specified in the Notice. When the terms of the compliance order have been completed, as determined by the Director, Southwest Region, this enforcement action will be closed. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. R. M. Seeley, Director, Southwest Region, PHMSA

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

_____)
In the Matter of)

Plains Pipeline, L. P.,)

Respondent.)
_____)

CPF No. 4-2007-5011

FINAL ORDER

On May 23-27, June 14-16 and 20-24, September 12-16 and October 24-28, 2005, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration, Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of the following lines operated by Plains Pipeline, L.P. (Plains or Respondent): Johnson Bayou to Sabine Pass; Basin Pipeline System between Cushing, Oklahoma, and Jal, New Mexico; Red River System between Cushing, Oklahoma, and Longview, Texas; and the Ferriday System from Greensburg, Louisiana, to Delhi Station, Louisiana. Plains, a subsidiary of Plains All American Pipeline, L.P., is engaged in the interstate pipeline transportation of crude oil and refined petroleum products.

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated April 18, 2007, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had committed violations of 49 C.F.R. §§ 195.402(c)(13) and 195.581(a) and proposed ordering Respondent to take certain measures to correct the alleged violations. The Notice also proposed finding that Respondent had committed other probable violations of 49 C.F.R. §§ 195.54(a), 195.430(a), 195.404(b)(1) and (2), 195.412(a), and 195.420(c) and warned Respondent to take appropriate corrective action to address them or be subject to future possible enforcement action.

Respondent responded to the Notice by letter dated May 23, 2007 (Response). Respondent provided comments regarding the alleged violations and proposed compliance order, as well as information concerning the corrective actions it had already taken to comply with the cited safety regulations. 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 2A: The Notice alleged that Respondent violated 49 C.F.R. § 195.402(c)(13), which states:

§ 195.402 Procedural manual for operations, maintenance, and emergencies.

(a) *General.* Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted....

(c) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:...

(13) Periodically reviewing the work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found....

The Notice alleged that Respondent violated 49 C.F.R. § 195.402(c)(13) by failing to follow its own procedures, which required an annual review of the work performed by Plains' personnel to determine the effectiveness of Respondent's normal operations and maintenance (O&M) procedures. According to its O&M Manual, Respondent's personnel were supposed to fill out Form 702 ("Annual Personnel Training Review") each year for every employee in order to address their functional competencies of operation, maintenance, safety, and emergency procedures under § 195.402(c)(13). The OPS inspector observed that Form 702 had not been filled out for each employee for the last three years. The inspector further observed that very few Form 702s had ever been filled out. In its Response, Plains did not contest this Item but submitted information requested by OPS pursuant to the proposed compliance order. Accordingly, I find that Respondent violated 49 C.F.R. § 195.402(c)(13) by failing to follow its procedures and perform periodic reviews of the work done by personnel to determine the effectiveness of the procedures used in normal O&M.

Item 6: The Notice alleged that Respondent violated 49 C.F.R. § 195.581(a), which states:

§ 195.581 Which pipelines must I protect against atmospheric corrosion and what coating material may I use?

(a) You must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.

(b) Coating material must be suitable for the prevention of atmospheric corrosion.

(c) Except portions of pipelines in offshore splash zones or soil-to-air interfaces, you need not protect against atmospheric corrosion any pipeline for which you demonstrate by test, investigation, or experience appropriate to the environment of the pipeline that corrosion will—

(1) Only be a light surface oxide; or

(2) Not affect the safe operation of the pipeline before the next scheduled inspection.

The Notice alleged that four spans of exposed pipe on Respondent's Red River System were not properly coated for prevention of atmospheric corrosion. Specifically, the span at RL 77.84 had subsurface coating in poor condition; the span at MP 22.39, Highway 74, had bare exposed pipe across a ditch; the span at RL 66.41, north of Hall Road, had approximately 50 feet of bare pipe across a 30-foot-deep gully; and the span at RL 46.9, on the creek span north of CR 5060, had approximately 50 feet of bare pipe across a 12-foot-deep creek. In its Response, Plains did not contest this allegation and did not demonstrate by test, investigation, or experience appropriate to the environment of the pipeline that corrosion will: only be a light surface oxide; or not affect the safe operation of the pipeline before the next scheduled inspection. Accordingly, I find that Respondent violated 49 C.F.R. § 195.581(a) by failing to clean and coat each portion of pipeline exposed to the atmosphere with a coating material suitable for the prevention of atmospheric corrosion.

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

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 2A and 6 in the Notice for violations of 49 C.F.R. §§ 195.402(c)(13) and 195.581(a), respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601.

With regard to Item 2A, Respondent submitted information indicating that Plains had procedures in place to review periodically the work of its personnel to determine the effectiveness of its procedures used in normal operation and maintenance and in taking corrective action whenever deficiencies were found. These materials have been reviewed by the Director and found to satisfy the requirements of 49 C.F.R. § 195.402(c)(13). Therefore, no additional corrective action is necessary for Item 2A.

With regard to Item 6, Respondent submitted information indicating that Plains had developed a mitigation plan subsequent to the inspection that included a survey of its facilities and a schedule of repairs over three years. However, Respondent's submittal lacked a detailed report on each of the 45 pipe exposure sites, including precise location, description of the corrective measures taken, or the dates that the work was performed or scheduled. Also, Respondent provided cost estimates for future repairs, rather than the actual cost of repairing the 45 pipe exposure sites. Accordingly, further action is required. 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. Respondent must—

1. In regard to **Item 6** of the Notice pertaining to the four spans of exposed pipe, the results of Respondent's surveys and plans, with time tables, must be submitted to the Director within 30 days following the receipt of the Final Order.

2. In regard to **Item 6** of the Notice pertaining to the four spans of exposed pipe, Respondent shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director within 30 days following the receipt of the Final Order. Costs shall be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies, and analysis; and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.

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 demonstrating good cause for an extension.

Failure to comply with this Order may result in administrative assessment of civil penalties not to exceed \$100,000 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, 2B, 3, 4, and 5, the Notice alleged various 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. § 195.54(a) (**Item 1**) — Respondent's alleged failure to report two accidents to DOT within 30 days;

49 C.F.R. § 195.430(a) (**Item 2B**) – Respondent's alleged failure for 24 months, from May, 2003 to April, 2005, to record monthly inspections for three fire extinguishers at Lindsey Station, as required by Respondent's O&M Manual, Section 419;

49 C.F.R. § 195.404(b)(1) and (2) (**Item 3**) — Respondent's alleged failure to maintain for at least three years daily operating records that indicate accurate discharge pump pressure histories, for May 1, 2004 and May 18, 2004, on the Basin Pipeline System;

49 C.F.R. § 195.412(a) (**Item 4**) - Respondent's alleged failure to inspect the surface conditions on the Basin Pipeline System right-of-way at intervals not exceeding three weeks; and

49 C.F.R. § 195.420(c) (**Item 5**) – Respondent's alleged failure to provide protection against vandalism at several valve sites.

Respondent presented information in its Response showing that it had taken certain actions to address the cited items. Having considered such information, I find, pursuant to 49 C.F.R. § 190.205, that probable violations of 49 C.F.R. § 195.54(a) (Notice Item 1), 49 C.F.R. § 195.430(a) (Notice Item 2B), 49 C.F.R. § 195.404(b)(1) and (2) (Notice Item 3), 49 C.F.R. § 195.412(a) (Notice Item 4) and 49 C.F.R. § 195.420(c) (Notice Item 5) have occurred and Respondent is hereby advised to correct such conditions.

In the event that OPS finds a violation for any of these items in a subsequent inspection, Respondent may be subject to future enforcement action.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a Petition for Reconsideration of this Final Order. The petition must be received within 20 days of Respondent's receipt of this Final Order and must contain a brief statement of the issue(s). The terms of the order, including any required corrective action and amendment of procedures, shall remain in full force and effect unless the Associate Administrator, upon request, grants a stay. The terms and conditions of this Final Order shall be effective upon receipt.

William H. Grite

for

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

NOV 7 2008

Date Issued