

December 27, 2016

Mr. Greg Armstrong
Chairman and CEO
Plains Pipeline, L.P.
333 Clay Street, Suite 1600
Houston, TX 77002

Re: CPF No. 4-2015-5025

Dear Mr. Armstrong:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and withdraws the compliance order issued to Plains Pipeline, L.P. (Plains). Therefore, this case is now closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. R.M. Seeley, Director, Southwest Region, OPS
Mr. Troy E. Valenzuela, Vice President, Environmental, Health, & Safety
333 Clay Street, Suite 1600, Houston, TX 77002

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. 4-2015-5025

FINAL ORDER

On multiple occasions between April 2014 and October 2015, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of Plains Pipeline, L.P. (Plains or Respondent) for Plains’ Jal, New Mexico to Wink, Texas pipeline construction project (Project). Respondent is engaged in the transport and storage of crude oil and natural gas in the United States and Canada, with more than 19,000 miles of pipeline and 135 million barrels of storage capacity.¹

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated October 29, 2015, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Plains had violated 49 C.F.R. §§ 195.214 and 195.222 and proposed ordering Respondent to take certain measures to correct the alleged violations.

Plains responded to the Notice by letter dated December 2, 2015 (Response). The company contested the allegations by offering additional information in response to the Notice, and requested that the Notice be withdrawn. 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 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.214, which states, in relevant part:

¹ Plains All American Pipeline, L.P., website, available at <https://www.plainsallamerican.com/what-we-do> (last accessed July 7, 2016).

§ 195.214 Welding Procedures

(a) Welding must be performed by a qualified welder or welding operator in accordance with welding procedures qualified under section 5, section 12 or Appendix A of API Std 1104 (incorporated by reference, see §195.3), or section IX of ASME Boiler and Pressure Vessel Code (BPVC) (incorporated by reference, see §195.3). The quality of the test welds used to qualify welding procedures must be determined by destructive testing.

API Standard 1104 provides, in relevant part:

5.1 PROCEDURE QUALIFICATION

Before production welding is started, a detailed procedure specification shall be established and qualified to demonstrate that welds with suitable mechanical properties (such as strength, ductility, and hardness) and soundness can be made by the procedure. The quality of the welds shall be determined by destructive testing. These procedures shall be adhered to except where a change is specifically authorized by the company, as provided for in 5.4.

....

5.4.1 General

A welding procedure must be re-established as a new procedure specification and must be completely requalified when any of the essential variables listed in 5.4.2 are changed. . . .

5.4.2.2 Base Material

A change in base material constitutes an essential variable. When welding materials of two separate material groups, the procedure for the higher strength group shall be used. For the purposes of this standard, all materials shall be grouped as follows:

- a. Specified minimum yield strength less than or equal to 42,000 psi (290 MPa).
- b. Specified minimum yield strength greater than 42,000 psi (290 MPa) but less than 65,000 psi (448 MPa).
- c. For materials with a specified minimum yield strength greater than or equal to 65,000 psi (448 MPa), each grade shall receive a separate qualification test. (Emphasis added).

The Notice alleged that Respondent violated 49 C.F.R. § 195.214(a) by performing welds on the Project without having a properly-qualified welding procedure. Specifically, the Notice alleged that, during the inspection, PHMSA requested the welding procedure used to construct the pipeline in the Project and copies of the welder qualification records. The Notice alleged that

Plains initially provided Welding Procedure Specification CS-G60L203² as the welding procedure used in the Project. Welding procedure CS-G60L203 specified a range of base materials from API 5L X46 through API 5L X60. The Notice alleged that welders on the Project had been qualified using API 5L X42 material, which is outside of the range of base materials specified by procedure CS-G60L203. The Welder Qualification Records³ for the Project, attached as exhibits to PHMSA's Pipeline Violation Safety Report dated October 29, 2015 (Violation Report), showed the use of "X42" grade pipe. Accordingly, PHMSA alleged that Plains' welders had performed qualification tests using a grade of material, API 5L X42, that was not specified by the welding procedure.

After PHMSA identified the above-described issue to Plains, Plains responded by stating that it had not provided the correct welding procedure to PHMSA. The Notice alleged that Plains subsequently provided a second procedure, Welding Procedure Specification CS-G4265L205, as the procedure used for pipeline construction in the Project. CS-G4265L205 specified a range of three base materials from API 5L X42 through API 5L X65, which encompassed the API 5L X42 base material that Plains used to qualify welders for the Project. Procedure CS-G4265L205 spans three groups of base materials under API Standard 1104, Section 5.4.2.2. The Notice alleged that Plains use of procedure CS-G4265L205 raised a new issue under 49 C.F.R. § 195.214. Specifically, the Notice alleged that Plains was required to qualify separate welding procedures for each of the three groups of base material encompassed by the range of base materials included in CS-G4265L205.

In its Response, Plains contested the allegations in the Notice by offering new factual arguments. First, Plains offered a third explanation of the welding procedures used in pipeline construction on the Project. Specifically, Respondent explained that it had not used CS-G4265L205 to qualify welders on the Project. Rather, Respondent claimed that it actually used two welding procedures: the initially-claimed CS-G60L203 and another procedure, CS-F52M214, which specified a base material of API 5L X52. Respondent further claimed that CS-G4265L205 "was a legacy procedure" that "was never used" for the Project. The evidence presented by Respondent in response to the Notice is sufficient to indicate that Plains used welding procedures CS-G60L203 and CS-F52M214 during construction of the Project.

However, neither CS-G60L203 nor CS-F52M214 encompass API 5L X42 base material. Thus, the documented use of API 5L X42 base material to qualify welders on the Project was, by definition, outside of the base material range specified by the two welding procedures claimed in the Response.

Second, Respondent claimed that welders who performed the welding on the Project were actually qualified using API 5L X52 material, not the API 5L X42 base material indicated on Plains' Welder Qualification Records. The only evidence offered in support of Respondent's claim consisted of an email exchange, dated November 10, 2015, which claimed that Plains "did

² The Notice states that Plains initially provided welding procedure CS-G4265L203. However, all other documents provided as a part of the case file, including a copy of the procedure in question, label the procedure as CS-G60L203.

³ Violation Report, at 27.

not have any X42 at the yard as we normally purchase X52.”⁴ However, the Welder Qualification Records clearly show that API 5L X42 material was used for welder qualification. The email does not provide any proof that API 5L X52 was used at the time welders were qualified for the Project; it merely states that Plains “normally purchase[s] X52” material. Respondent further alleged that “PHMSA . . . confirmed the grade of pipe used for qualifying welders” in a July 2015 field inspection, during which a PHMSA inspector physically examined pipe sections allegedly used to qualify welders during for the Project. However, Respondent’s assertion about the PHMSA inspector’s alleged observation of API 5L X52 material does not prove that API 5L X52 material was actually used to qualify welders for the Project.

Welding procedure CS-G60L203 specified a range of base materials from API 5L X46 through API 5L X60, while welding procedure CS-F52M214 specified the use of API 5L X52 material. Welders for the Project were qualified using API 5L X42 material, as evidenced by the Welder Qualification Records for the Project. API 5L X42 material is outside of the range of base materials specified by procedures CS-G60L203 and CS-F52M214. Therefore, Plains’ welders performed qualification tests using a grade of material not specified by the welding procedure, in violation of 49 C.F.R. § 195.214(a) and API Standard 1104.

Accordingly, after considering all of the evidence, I find that Respondent violated 49 C.F.R. § 195.214(a) by performing welds on the Project without having a properly-qualified welding procedure.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 195.222(a), which states in relevant part:

§ 195.222 Welders and welding operators: Qualifications of welders and welding operators.

(a) Each welder or welding operator must be qualified in accordance with section 6, section 12 or Appendix A of API Std 1104 (incorporated by reference, *see* §195.3), or section IX of ASME Boiler and Pressure Vessel Code (BPVC), (incorporated by reference, *see* §195.3), except that a welder or welding operator qualified under an earlier edition than an edition listed in §195.3, may weld but may not re-qualify under that earlier edition.

As cited above in Item 1, API Standard 1104 provides, in relevant part:

5.4.2.2 Base Material

A change in base material constitutes an essential variable. When welding materials of two separate material groups, the procedure for the higher strength group shall be used. For the purposes of this standard, all materials shall be grouped as follows:

a. . . .

c. For materials with a specified minimum yield strength greater than

⁴ Response, Attachment 1.

or equal to 65,000 psi (448 MPa), each grade shall receive a separate qualification test.

The Notice alleged that Respondent violated 49 C.F.R. § 195.222(a) by failing to properly qualify welders that performed welding on the Project in accordance with API Standard 1104. Specifically, the Notice alleged that, during the inspection, PHMSA requested the welding procedure used to construct the pipeline in the Project and copies of the welder qualification records. The Notice alleged that Plains provided Welding Procedure Specification CS-G60L203 as the welding procedure used to qualify welders during the Project. Welding procedure CS-G60L203 specified a range of base materials from API 5L X46 through API 5L X60. The Notice alleged that welders for the Project had been qualified using API 5L X42 material, which is outside of the range of base materials specified by procedure CS-G60L203. The Welder Qualification Records⁵ used to qualify welders, attached as exhibits to the Violation Report, showed the use of “X42” grade pipe. Accordingly, PHMSA alleged that Plains’ welders were not properly qualified because they were not welding to a previously-qualified procedure.

As discussed under Item 1 above, Plains initially responded by stating that it had used Welding Procedure Specification CS-G4265L205. Subsequently, Plains alleged that it had actually used procedures CS-G60L203 and CS-F52M214. The evidence presented by Respondent in response to the Notice is sufficient to indicate that Plains used welding procedures CS-G60L203 and CS-F52M214 during construction of the Project.

As discussed above, neither CS-G60L203 nor CS-F52M214 include API 5L X42 in their base material ranges. Plains offered only unsubstantiated evidence that welders on the Project had “actually qualified using X-52 pipe, not X-42.” In opposition to the arguments and allegations in the Response, the Welder Qualification Record contained in the Violation Report clearly indicates that API 5L X42 pipe was used to qualify welders on the Project.⁶

Accordingly, after considering all of the evidence, I find that Respondent violated 49 C.F.R. § 195.222(a) by failing to qualify each welder on the Project in accordance with API Standard 1104.

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 1 and 2 in the Notice for violations of 49 C.F.R. §§ 195.214(a) and 195.222(a), 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. Respondent has provided additional evidence in its Response, as follows:

⁵ Violation Report, at 27.

⁶ Violation Report, at 27.

Respondent provided sufficient proof that welding procedure CS-G4265L205 was not used in construction-related welding work on Plains' Jal, New Mexico to Wink, Texas pipeline construction project, contrary to the allegations in the Notice suggesting that procedure CS-G4265L205 was used.

Accordingly, I find that compliance with respect to these violations cannot be achieved by implementing the remedial actions contained in the proposed compliance order, which pertains to Respondent's alleged use of procedure CS-G4265L205. Accordingly, the proposed compliance terms contained in the Notice are not included in this Order.

Under 49 C.F.R. § 190.243, Respondent has a right to submit a Petition for Reconsideration of this Final Order. The petition must be sent to: 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. PHMSA will accept petitions received no later than 20 days after receipt of service of this Final Order by the Respondent, provided they contain a brief statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. 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.

December 27, 2016

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Date Issued