

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 28, 2016

Mr. Troy Valenzuela
VP, Environmental Health & Safety
Plains Pipeline, L.P.
333 Clay Street, Suite 1600
Houston, TX 77002

CPF 4-2016-5015

Dear Mr. Valenzuela:

On February 18, 2014 – August 29, 2014, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code inspected your procedures, records, and pipeline facilities in the States of Louisiana, Illinois, Oklahoma, New Mexico, and Texas.

As a result of the inspection, it appears that you have committed § 195.412(a) of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation(s) are:

- 1. § 195.412 Inspection of rights-of-way and crossings under navigable waters.**
 - (a) Each operator shall, at intervals not exceeding 3 weeks, but at least 26 times each calendar year, inspect the surface conditions on or adjacent to each pipeline right-of-way. Methods of inspection include walking, driving, flying or other appropriate means of traversing the right-of-way.**

Based on ROW conditions observed during the field inspection at the inbound and outbound locations of the Tibbey pump station; operator had not maintained adequate surface conditions on the pipeline ROW. There was high overgrowth vegetation; large trees with canopies overhanging the ROW that obscure the surface conditions adjacent to the pipeline ROW from observation by aerial surveillance. In order to perform pipeline surveillance, the right of way must be maintained so that the ROW is clearly visible by the means of surveillance employed. Aerial surveillance is the primary method of pipeline patrolling used by Plains. Some areas are overgrown with deep brush and grass that should be cleared to allow visibility of pipeline markers.

2. § 195.420 Valve maintenance.

(b) Each operator shall, at intervals not exceeding 7½ months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

Valve maintenance records for the Mayson to Ellis (Red River) pipeline indicated that the valve on the south side of Deep Fork River 10” had not been adequately inspected to verify it was functioning properly. Valve inspection records indicate that the actuator for the valve has not had electricity from September 2011 to the present. Electricity to the actuator would allow the valve to be tested and operated remotely. However, since actuator is not functioning, the valve has to be tested manually, but test records show “N/A” for the manual operation of the valve.

3. § 195.505 Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

- (a) Identify covered tasks;**
- (b) Ensure through evaluation that individuals performing covered tasks are qualified;**
- (c) Allow individuals that are not qualified pursuant to this subpart to perform a covered task if directed and observed by an individual that is qualified;**
- (d) Evaluate an individual if the operator has reason to believe that the individual's performance of a covered task contributed to an accident as defined in Part 195;**
- (e) Evaluate an individual if the operator has reason to believe that the individual is no longer qualified to perform a covered task;**
- (f) Communicate changes that affect covered tasks to individuals performing those covered tasks; and**
- (g) Identify those covered tasks and the intervals at which evaluation of the individual's qualifications is needed.**
- (h) After December 16, 2004, provide training, as appropriate, to ensure that individuals performing covered tasks have the necessary knowledge and skills to perform the tasks in a manner that ensures the safe operation of pipeline facilities; and**

(i) After December 16, 2004, notify the Administrator or a state agency participating under 49 U.S.C. Chapter 601 if the operator significantly modifies the program after the Administrator or state agency has verified that it complies with this section.

While performing the covered task of operating a valve during a PHMSA field inspection of the Plains Operator Qualification program, a Plain’s field tech failed to follow the Plains procedure for operating a mainline valve as specified in the Plains O&M manual, “Valve Maintenance”, P-195.420. The Plains Pipeline’s Procedure, P-195.420, Item 9 states:

“Note: On pipeline in service, the opening and closing of the valves shall be performed only with the coordination and consent of the control center.”

From August 12, 2014 through August 14, 2014, PHMSA conducted a field inspection on the Red River Pipeline (north) section. On August 13, 2014, PHMSA selected a valve # 15, MP: 156+00, located between Healdton and Sherman pump station, TX. PHMSA requested field personnel to perform the covered task# 20 (Inspect Mainline Valves) to ensure that the individual performing the covered task has the necessary knowledge and skills as well as the procedural steps described in the O&M Procedure, P-195.420. PHMSA observed that the field personnel operated the valve without the coordination and consent of the control center as required by the Plains’ procedures.

4. § 195.571 What criteria must I use to determine the adequacy of cathodic protection?

Cathodic protection required by this Subpart must comply with one or more of the applicable criteria and other considerations for cathodic protection contained in paragraphs 6.2 and 6.3 of NACE SP 0169 (incorporated by reference, see § 195.3).

Plains did not meet the specified cathodic criterion for several points on the Buffalo Pipeline system for at least two sequential annual surveys. Plains specified that the cathodic protection criterion for the points on the following table was negative 850 mV with cathodic protection applied. NACE SP 0169 specifies that “Voltage drops other than those across the structure-to-electrolyte boundary must be considered for valid interpretation of this voltage measurement.” The voltage measurement with consideration of IR drop is the IR free or instant off measurement that Plains made as part of the annual survey. The test stations that Plains’ records show did not meet the specified criterion include but are not limited to the following:

No.	Description	2013 Annual Survey		2014 Annual Survey	
		Structure P/S	Instant Off	Structure P/S	Instant Off
1	Empire Road MP 8.01	-1,038 mV	-753 mV	-1,018 mV	-843 mV
2	Convict Hill Road MP 9.01	-922 mV	-684 mV	-909 mV	-701 mV
3	E/W Blacktop MP 32.37	-898 mV	-689 mV	-875 mV	-613 mV
4	E/W Blacktop MP 35.71	-934 mV	-902 mV	-956 mV	-782 mV
5	Exposed Pipe MP 1.52	-1,019 mV	No Measurement	-984 mV	-679 mV
6	Exposed Pipe MP 7.42	-993 mV	No Measurement	-916 mV	-702 mV
7	New Valve MP 7.59	-1,177 mV	No Measurement	-1,155 mV	-817 mV

8	Katy Blacktop MP 30.5	-1,224 mV	No Measurement	-1,183 mV	-829 mV
9	Railroad Track MP 42.92	-1,143 mV	No Measurement	-917 mV	-848 mV
10	Indian Trails Road MP 112.74	-928 mV	-634 mV	-943 mV	-718 mV
11	Allen Road MP 113.54	-866 mV	-707 mV	-901 mV	-813 mV
12	N/S Blacktop MP 114.24	-1,029 mV	-799 mV	-1,006 mV	-826 mV
13	Hilton Road MP 116.43	-919 mV	-713 mV	-1,001 mV	-834 mV
14	Ridge Road MP 134.81	-939 mV	-636 mV	-956 mV	-722 mV
15	Joiner Road MP 135.25	-852 mV	-669 mV	-978 mV	-792 mV
16	Bond to NuStar MP 135.85	-901 mV	-626 mV	-989 mV	-697 mV
17	Reck Road MP 137.59	-1,026 mV	-659 mV	-2497 mV	-1105 mV
18	Wildflower Road MP 140.32	-851 mV	-719 mV	-1,112 mV	-793 mV
19	Bond To Seaway MP 141.87	-1,108 mV	-724 mV	-1,034 mV	-714 mV
20	Creek Exposure MP 11.7*	-1,220 mV	-763 mV	-1,354 mV	-1,181 mV
21	Cty. Rd. 2675 MP 11.9*	-1,218 mV	-777 mV	-1,280 mV	-1,105 mV
22	Energy Prod. PL MP 12.2*	-1,170 mV	-771 mV	-1,254 mV	-899 mV
23	Sub. Prod. Salt Dome MP 12.4*	-1,022 mV	-781mV	-1,219 mV	-865 mV
24	Lone Star 12" X-ing MP 14.5*	-1,034 mV	-744 mV	-1,014 mV	-794 mV
25	Cty. Rd. 3859 MP 15.8*	-1,298 mV	-711 mV	-1,300 mV	-824 mV
26	SND 6" X-ing MP 46.5	-1,348 mV	-701 mV	-1,113 mV	-643 mV
27	CR 1152 MP 8.87	-980 mV	-715 mV	-925 mV	-723 mV
28	FM 2653 MP 10.8*	-918 mV	-625 mV	-1,058 mV	-830 mV
29	Fence MP 11.9**	-1,025 mV	-781 mV	-698 mV	-525 mV
30	CR 4120 MP 15.0	-1,009 mV	-203 mV	-1,069 mV	-689 mV
31	Hopkins CR #4133 MP 16.7	-904 mV	-620 mV	-974 mV	-767 mV
32	Fence MP 24.9	-1,046 mV	-844 mV	-1,246 mV	-848 mV
33	FM #2376 MP 26.6	-872 mV	-601 mV	-946 mV	-743 mV
34	CR #4202 MP 26.8	-983 mV	-627 mV	-1066 mV	-766 mV
35	CR #4310 MP 28.1**	-1,243 mV	-782 mV	-882 mV	-709 mV
36	Friendship Rd. MP 75.4	-925 mV	-754 mV	-839 mV	-825 mV
37	Lone Star X-ing MP 79.3	-895 mV	-615 mV	-954 mV	-657 mV
38	Scarborough Road MP 93.1	-940 mV	-708 mV	-908 mV	-818 mV
39	FM #10 MP 94.9	-900 mV	-651 mV	-862 mV	-739 mV
40	PL Exposed in Creek MP 98.0*	-924 mV	-746 mV	-936 mV	-746 mV
41	Loop 390 MP 29.3	-1216 mV	-603 mV	-1131 mV	-717 mV
42	Lake St. MP 29.7	-1386 mV	-795 mV	-1204 mV	-798 mV

* 2012 structure-to-soil measurement was below specified criterion.

** 2012 and 2013 structure-to-soil measurements rather than 2013 and 2014.

5. § 195.573 What must I do to monitor external corrosion control?

(c) Rectifiers and other devices. You must electrically check for proper performance each device in the first column at the frequency stated in the second column.

Device	Check frequency
Rectifier	At least six times each calendar year, but with intervals not exceeding 2 1/2 months.
Reverse current switch	
Diode	
Interference bond whose failure would jeopardize structural protection	
Other interference bond	At least once each calendar year, but with intervals not exceeding 15 months.

Rectifier inspection records indicated that in 2013, Plains failed to check rectifiers at least six times with intervals not exceeding 2 ½ months for the Laverne to Stockholm facility (Facility IDs: BU-012 and BU-013). The rectifiers were checked only five times in 2013.

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 violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$95,000 for item 4.

Proposed Compliance Order

With respect to item(s) 1, 2, 3, 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 Pipeline 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 4-2016-5015** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration

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

1. In regard to Item Number 1 of the Notice pertaining to Plains not maintaining adequate surface conditions on the ROW in the vicinity of the Tribbey pump station. Plains must clear all vegetation and tree canopies in the ROW inbound and outbound of the Tribbey pump station and provide PHMSA documentation that the work has been completed.
2. In regard to Item Number 2 of the Notice pertaining to Plains' valve maintenance records indicating valve on the south side of Deep Fork River 10-inch had not been adequately inspected to verify it was functioning properly according to the Plains procedures. Plains must operate the valve according to its inspection procedures, document the inspection in its valve maintenance records, and submit to PHMSA the records showing that the inspection has been completed.
3. In regard to Item Number 3 of the Notice pertaining to Plains' personnel not following company procedures by contacting the operations control center before operating a main line valve during an inspection. Plains must re-train personnel involved in inspecting main line valves in the Plains procedures, and verify through supervisory observation and OQ evaluations that they can properly perform the covered task. Plains must also submit to PHMSA documentation showing that the affected personnel have been re-trained and were able to properly perform the covered task according to the Plains' procedures.
4. In regard to Item Number 4 of the Notice pertaining to Plains' cathodic protection not meeting applicable criteria at several locations on their pipeline system. Plains must remedy all cathodic protection deficiencies and provide PHMSA documentation showing that the structure-to-soil measurements meet the specified criterion of -850 mV with consideration of IR drop.
5. In regard to Item Number 5 of the Notice pertaining to Plains' maintenance records indicating that the rectifiers located at Laverne to Stockholm facility (Facility IDs: BU-012 and BU-013) were inspected only 5 times in 2013, Plains must provide records showing that the rectifiers were functioning properly throughout 2013 and were inspected in 2014 according to the requirements of §195.573.
6. Plains shall complete all items within 30 days of receiving the final order.
7. It is requested (not mandated) that Plains Pipeline L.P. maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to R. M Seeley, Director, Southwest 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.