



**PLAINS**  
**MARKETING, L.P.**

February 26, 2019

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Mary L. McDaniel, P.E.  
Director, Southwest Region  
Pipeline and Hazardous Material Safety Administration  
8701 S. Gessner, Suite 630  
Houston, TX 77074

**Subject: Reply to Notice of Amendment in CPF No. 4-2018-5027M**

Dear Ms. McDaniel:

On January 2, 2019, Plains Marketing, L.P. (Plains) received a Notice of Amendment from the Pipeline and Hazardous Materials Safety Administration (PHMSA) dated December 20, 2018, based on the inspection from May 7, 2018 to August 24, 2018, in CPF No. 4-2018-5027M (Notice).

On January 24, 2019, Plains submitted a request for a 30-day extension to provide a reply to the Notice. PHMSA's Southwest Region granted the 30-day extension by electronic mail on January 25, 2019, extending the response deadline to February 28, 2019. Accordingly, Plains respectfully submits this Reply to the Notice addressing two procedural items identified by PHMSA following its audit at Plains' Cushing Terminal in Oklahoma and St. James Terminal in Louisiana.

**Item 1: 195.402(a)**

In Item 1 of the Notice, PHMSA states as follows:

*The Operator's Written Procedure Manual was found to be inadequate and must be amended to ensure that the manual reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to ensure that the manual is effective. The PHMSA inspector reviewed the Review of Procedure Effectiveness, Rev 1, August 2018. Section 1.2: Frequency states that each procedure shall be reviewed at least once every 7 years, or more frequently as determined by Division Environmental and Regulatory Compliance (E&RC) Directors. The PHMSA Inspector verified that the procedure has been implemented and received the email confirmation from the Operator.*

*Plains All American Pipeline's procedure must be amended to require written procedures for conducting normal operations and maintenance activities to be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to ensure that the manual is effective.*

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Plains has reviewed its manual of written procedures required under 49 CFR 195.402(a) to determine whether the proposed amendment is necessary. Plains verified that its procedures do include a requirement to review the manual at intervals not exceeding 15 months, but at least once each calendar year, and make appropriate changes as necessary to ensure the manual is effective. A copy of Page 1 of “O&M – 103, Manual and Procedure Review,” which was in effect at the time of the inspection and includes the requirements of Section 195.402(a), is attached as Appendix 1 to demonstrate the existence of the required procedural provision.

Following Plains’ review of the alleged procedural deficiency, Plains wishes to clarify that its procedural manual provides for multiple review processes concerning the effectiveness of the manual, ensuring compliance above and beyond the requirements in Section 195.402. As shown in Appendix 1, Plains first level of review occurs on the annual (not to exceed 15 months) basis to “maintain an effective manual” per the cited requirement in Section 195.402(a). This primary review process evaluates the effectiveness of the entirety of the manual and identifies the need for appropriate changes to ensure its effectiveness.

Please also note that Plains conducted the annual review of its Operations and Maintenance (O&M) Manual in November 2018 and completed updates to the manual in January 2019. Appendix 2 contains that portion of Section 1.1.3 of the revised O&M Manual (Jan 2019) entitled “Operations and Maintenance Manual Procedure Review” which shows that the same language concerning manual review frequency has been carried forward into the revised O&M Manual.

However, Plains procedures concerning Section 195.402 also contain an additional provision providing for a secondary periodic seven-year review cycle addressing the following specific provision in Section 195.402(c)(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.”

Section 1.2 Frequency of the “195.402(c)(13) – Review of Procedure Effectiveness,” which was in effect at the time of the inspection and includes the Section 195.402(c)(13) requirement to review procedure effectiveness is attached as Appendix 3 to demonstrate the existence of the required procedural provision. Please note that subsequent to the 2018 annual O&M review, “195.402(c)(13) – Review of Procedure Effectiveness “ was re-titled “Review of Procedure Effectiveness” and can be found in Section 2.2.2.12 of the January 2019 O&M Manual. A copy has been provided in Appendix 4 which shows that the same language concerning a procedure effectiveness review frequency of seven years has been carried forward into the revised O&M Manual.

The seven-year review referenced in PHMSA’s Notice provides a secondary check on this specific sub-requirement in 195.402(c)(13) *in addition to* the annual (15-month maximum) review process that is provided for in Plains’ procedural manual and that has been conducted continually on a timely basis. Plains respectfully requests that PHMSA allow Plains to continue this “belts-and-suspenders” approach to its procedural manual review process.

The amendment proposed by the Notice Item 1 would result in no material change to Plains' existing annual review procedure because "O&M – 103, Manual and Procedure Review", which was in effect at the time of the inspection, and Section 1.3 of the revised O&M Manual (Jan 2019) entitled "Operations and Maintenance Manual Procedure Review" both stipulate that the manual to be reviewed at intervals not exceeding 15 months, but at least once each calendar year, with appropriate changes made as necessary to ensure that the manual is effective. Accordingly, Plains respectfully requests that this Notice Item 1 be withdrawn.

**Item 2: 195.452(j)(5)(iv)**

In Item 2 of the Notice, PHMSA states as follows:

*Plains' Facility Integrity Management Program (FIMP) procedure was found to be inadequate and must be amended to include a requirement to submit an Integrity Management Program notification for the use of other technology as part of their assessment program. Section 5: Assessment Method Selection, Part 5.11: Other Technology does not include a requirement to notify the Office of Pipeline Safety (OPS) 90 days before conducting an assessment using other technology, other than in-line inspection, pressure testing, or external corrosion direct assessment for conducting assessments. Notifications must be made in accordance with §195.452(m).*

Plains maintains a Facility Integrity Management Program (FIMP) procedural manual in addition to its Integrity Management Plan (IMP) procedural manual. Whereas Plains' IMP manual generally addresses integrity management for line pipe and appurtenances that could affect (or traverse) a high consequence area, the FIMP applies to facilities such as "terminals with breakout tanks, pumps, station piping, launcher/receiver traps, etc.," recognizing that "[f]acilities incorporate different types of risks than mainline pipe segments, and piping systems are often unpiggable, so they cannot be assessed in identical ways." See attached Appendix 5, "Facility Integrity Management Program (FIMP) Manual, Revision 3; 5/4/2018," Section 1, Introduction, that was in effect at the time of the inspection. Please note that subsequent to the 2018 annual O&M review, the manual was updated and titled "Facility Integrity Management Program (FIMP) Manual Revision 4; January 2019." Section 1, Introduction remains unchanged and has been provided in Appendix 6. Notably, as a measure to enhance asset integrity above and beyond PHMSA's requirements, Plains also applies its FIMP Manual to certain facilities that may not affect a high consequence area and thus, otherwise, are not subject to the Section 195.452 regulatory requirements at this time.

The purpose and intent of Plains' FIMP Manual is consistent with PHMSA's long-standing and current guidance with respect to implementation of the Section 195.452 requirements. Plains appreciates that PHMSA has taken efforts to ensure the industry is aware of which integrity management requirements apply to certain aspects of the pipeline system and which aspects do not apply to particular facilities. PHMSA's Frequently Asked Questions (FAQs) regarding the integrity management program have aided industry operators like Plains in understanding PHMSA's compliance expectations and have provided fair notice to the industry of those expectations.

With respect to assessments and re-assessments under Section 195.452(j) and the notifications of the use of "other technology" under 195.452(j)(5)(iv) and 195.452(m), Plains has relied on the

fair notice and guidance provided by PHMSA in its FAQs. Two of the FAQs are particularly relevant to the issue in Notice Item 2: FAQ 2.1 and FAQ 8.15. These PHMSA FAQs are as follows:

**FAQ 2.1** Does the rule apply to more than line pipe?

*Yes. The continual evaluation and information analysis requirements of the rule apply to pipelines as defined in 49 CFR 195.2. This includes, but is not limited to, line pipe, valves and other appurtenances connected to line pipe, metering and delivery stations, pump stations, storage field facilities, and breakout tanks. **The baseline integrity assessment and periodic re-assessment requirements apply only to line pipe.***

*Last Revision: 2/18/03 [emphasis added]*

**FAQ 8.15** *The Integrity Management Program portion of the rule [195.452 (f)] applies to all portions of a pipeline system that can impact HCAs, including pump stations, terminals, and other equipment. What must an operator do to comply with the rule for these facilities?*

***While the integrity assessment provisions of the rule apply only to the line pipe, the other provisions of the rule apply to pump stations, terminals, and other equipment if a failure at these locations could impact a high consequence area. Thus, operators should include in their integrity management program processes for addressing these facilities. These processes should:***

- identify if failures at these facilities could impact HCAs,*
- integrate all available information affecting the likelihood and the consequences of equipment or facility failure, and*
- identify and implement additional preventive or mitigative measures to reduce risk at these facilities, if needed.*

*An operator's performance monitoring process should evaluate the effectiveness of these processes and the risk controls that are implemented to reduce facility risk.*

*Last Revision: 10/22/01 [emphasis added]*

FAQs 2.1 and 8.15 provided Plains with fair notice that the Section 195.452(j) *integrity assessment* provisions do not apply beyond line pipe to pump stations, terminals, and other equipment. For certainty, FAQ 2.1 makes a clear delineation between the applicability of assessment requirements to “line pipe” and the exclusion of these requirements for “metering and delivery stations, pump stations, storage field facilities, and breakout tanks.” Likewise, FAQ 8.15 provides clarity that “the integrity assessment provisions of the rule apply only to the line pipe,” whereas “other provisions of the rule apply to pump stations, terminals, and other equipment if a failure at these locations could impact a high consequence area.”

In accordance with the fair notice and guidance provided by PHMSA, Plains performed non-destructive testing inspections (which included guided wave screening) within the stations at issue in this inspection pursuant to Plains’ FIMP. Plains did not provide a 90-day notice under Section 195.452(m) because, as set forth by PHMSA, the triggering requirements in Section 195.452(j)(5)(iv) do not apply.

Plains notes that it received a request from the Southwest Region to provide 90-day notifications of other technology to be used for assessments at facilities. Plains provided the requested notification for all planned 2019 facility piping inspections as a courtesy by letter dated December 21, 2018, attached as Appendix 7. The facility piping to be assessed was listed in an attachment to that letter. Plains respectfully notes that this courtesy notification did not constitute a waiver of Plains' position that the Section 195.452(j)(5)(iv) provision cited by PHMSA in Notice Item 2 is inapplicable to the facilities listed in the courtesy notification letter.

In addition to the FAQs providing fair notice that the Section 195.452(j)(5)(iv) provisions are inapplicable in this instance, PHMSA has further clarified in its open rulemaking that it applies requirements for in-line assessments and re-assessments of line pipe and excludes facility in-station piping. In its pending rulemaking entitled "Pipeline Safety: Safety of Hazardous Liquid Pipelines," PHMSA summarized its current regulations under its authorizing statutes as follows:

*Section 60102(f)(1)(B) of the Pipeline Safety Laws allows the requirements for the passage of ILI tools to be extended to existing hazardous liquid pipeline facilities, provided the basic construction of those facilities can be modified to permit the use of smart pigs.*

*The current requirements apply only to new hazardous liquid pipelines and to line sections where the line pipe, valves, fittings, or other components are replaced. Exceptions are also provided for certain kinds of pipeline facilities, including manifolds, piping at stations and storage facilities, piping of a size that cannot be inspected with a commercially available ILI tool, and smaller diameter offshore pipelines.*

80 Fed. Reg. 61610 (Oct. 14, 2015).

To Plains' knowledge, all of the facilities listed in the attachment to the courtesy notification letter submitted on December 21, 2018 (Appendix 7) are "stations or storage facilities," which are excepted from the provisions of Section 195.452(j)(5)(iv). Accordingly, Plains respectfully requests that PHMSA withdraw NOA Item 2.

Thank you for your consideration of the above. If you have any questions, please contact Ngiabi Gicuhi at 713-993-4176.

Sincerely,



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

cc: Ngiabi Gicuhi, Plains  
Kevin Cunningham, Plains  
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