

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 31, 2019

Dean Gore
Vice President, Environmental & Regulatory Compliance
Plains All-American Pipeline, L.P.
333 Clay Street, Suite 1600
Houston, Texas 77002

CPF 4-2019-5004

Dear Mr. Gore:

On August 7 – 11, 2017, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.) conducted a first operating inspection of the Plains Pipeline, L.P. (Plains) Cotton Draw Pipeline in Midland, Texas.

As a result of the inspection, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

1. §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 or Section IX of ASME Boiler and Pressure Vessel Code.**
- (b) **Each welding procedure must be recorded in detail, including the results of the qualifying tests. This record must be retained and followed whenever the procedure is used.**

Plains failed to construct the Cotton Draw Pipeline in accordance with written specifications by using an unqualified welding procedure. During the PHMSA inspection, Plains provided two welding procedures, *CS-G4265L205* and *CS-G4265M211*, utilized for the Cotton Draw Pipeline. The welding procedures were for “API 5L X42 to API 5L X65” and “API 5L X65 to API 5L X42 and lower yield strength materials,” respectively; however, the Cotton Draw Pipeline was constructed of API 5L X52 pipe.

The qualification test records provided indicated that the qualification tests were performed on a completed weld that was constructed of both X42 grade steel and X65 grade steel. Plains indicated that the procedure was qualified for use on all grades of steel between X42 and X65. However, API Standard 1104 requires separate procedure qualification tests for any base material X65 and greater. Consequently, this test did not qualify the procedure for welding X52 material.

In order for Plains to use this procedure, it must have been qualified using API 5L X52 pipe as the base material, or another material in group (b) that is consistent with Section 5.4.2.2 in API Standard 1104. These procedures must have destructive testing coupons. Plains did not have any destructive testing records that showed the procedure was correctly qualified for the intended use. Inspections of records provided by Plains indicates that these two procedures were used for nearly every production weld on the Cotton Draw Pipeline, with the exception of specific tie in welds.

2. §195.222 – Welders and welding operators: Qualification of welders and welding operators

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 (incorporated by reference, see §195.3), except that a welder or welding operator qualified under an earlier edition than a edition listed in §195.3, may weld but may not re-qualify under an earlier edition.

- (a) **No welder or welding operator may weld with a welding process unless, within the preceding 6 months, the welder or welding operator has (1) engaged in welding with that process; and (2) had one weld tested and found acceptable under section 9 or Appendix A of API Std 1104 (incorporated by reference, see §195.3).**

Plains failed to ensure that production welds made on the Cotton Draw pipeline were made by welders who were properly qualified. A review of the welder qualifications indicated that 13 welders performed production welds on the Cotton Draw pipeline and Plains did not have qualification records to validate that they were qualified to the procedure used. These welders were identified on the Form 911 as completing production welds, but Plains did not have welder qualifications to support those welders.

3. §195.430 – Firefighting Equipment

Each Operator shall maintain adequate firefighting equipment at each pump station and breakout tank area. The equipment must be

- (a) In proper operating condition at all times**
- (b) Plainly marked so that its identity as firefighting equipment is clear; and**
- (c) Located so that it is easily accessible during a fire.**

Plains failed to ensure that adequate firefighting equipment was provided at each pump station and breakout tank area. Plains O&M Procedure 419 for firefighting equipment requires that all pump stations and breakout tank areas be equipped with firefighting equipment. Additionally, Plains Procedure P-195.430 requires that all firefighting equipment be inspected monthly, and that annual inspections should be conducted by an approved agent of the extinguisher manufacturer. Plains failed to ensure that monthly and annual inspections were performed.

The Cotton Draw Pipeline originates from an area that is designated as “Section 17.” There is a pump at this location to initiate the flow from the gathering lines to the Cotton Draw Station, where another pump is located. During the field inspection at Section 17, no fire extinguishers were available for use.

The Cotton Draw pipeline terminates at the Stateline Injection Site, where it ties into the Stateline 20” pipeline. The Stateline Injection Site has pumps on site, and extinguishers located at the station did not have inspection tags denoting the extinguishers were in proper operational condition, and could not provide records showing the extinguishers had been inspected.

4. §195.428 Overpressure safety devices and overfill protection systems.

- (a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7 ½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.**

Plains failed to install a thermal relief valve (TRV 432), located at Section 29 (MM 1) prior to the operation of the Cotton Draw Pipeline. During the PHMSA inspection the valve was found to be locked out and isolated from the mainline.

A review of the overpressure device inspection form (Plains Form 301) indicates that the item was “not installed” and “removed from field” on April 5, 2017, approximately 5 months after the startup date of the pipeline. Records indicate that this pipeline was operating without the valve from startup until it was installed at some time between April 5, 2017 and August 10, 2017 (date of PHMSA inspection).

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$213,268 per violation per day the violation persists, up to a maximum of \$2,132,679 for a related series of violations. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violations and has recommended that you be preliminarily assessed a civil penalty of \$75,600 as follows:

<u>Item number</u>	<u>PENALTY</u>
Item 2	\$75,600

Warning Items

With respect to item 4 we have reviewed the circumstances and supporting documents involved in this case and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to promptly correct these items. Failure to do so may result in additional enforcement action.

Proposed Compliance Order

With respect to items 1 and 3, pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Plains All American 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).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 190.211. 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. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 4-2019-5004** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

1. In regard to Item Number 1 of the Notice pertaining to welding completed with inadequately qualified welding procedures, Plains must perform destructive testing on a statistically significant number of girth welds on the Cotton Draw Pipeline to show that the welds have the required strength and mechanical properties for the application. The proposed testing plan must include specific designation of the welds to be tested, the analysis showing that the number of welds to be tested is statistically significant to the number of total welds made, the procedures that Plains proposes to be used to cut out and test the welds, and the qualified welding procedure that will be used to re-weld the pipeline. The proposed testing plan must be submitted to the PHMSA Southwest Region Director for approval prior to initiating the plan. If any of these welds fail destructive testing, the number of welds tested must be expanded as specified by the Southwest Region Director to include an additional number of welds made by that welder.
2. In regard to Item Number 3 of the Notice, the Operator must modify its procedures to ensure that adequate firefighting equipment is installed prior to the operation of any pipeline.
3. Provide PHMSA with documentation that verifies completion of Items 1 and 2 of the Proposed Compliance Order within 30 days following the date of the Final Order. Submit the documentation showing completion of the testing and weld repairs within 120 days following approval of the plan by the Southwest Region Director.
4. It is requested (not mandated) that Plains All American Pipeline, L.P. maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Southwest Region Director, 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.