



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 11, 2015

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

CPF 5-2015-5019

Dear Mr. Valenzuela:

On August 19-22, 2013, September 16-19, 2013, and September 30-October 4, 2013, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Plains Pipeline, L.P.'s, (Plains) Line 901 and Line 903 crude oil pipeline system in Bakersfield, California. PHMSA requested additional information following our field visit, which was provided between late 2013 and June 2014.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The following items were discovered in these 2013 inspections, and include consideration of supporting documentation provided by Plains in 2014. These findings and probable violations were determined prior to the May 19, 2015 crude oil spill in Santa Barbara County, California. Enforcement actions based on the findings of that accident investigation will be issued at a later date.

The probable violations stemming from our 2013 and 2014 inspection findings are:

1. §195.310 Records.

(a) A record must be made of each pressure test required by this subpart, and the record of the latest test must be retained as long as the facility tested is in use.

Plains did not maintain adequate documentation of pressure tests as part of its baseline assessment plan for its seven (7) breakout tanks at Pentland Station in Kern County, California. At the time of inspection, Plains did not present evidence of past pressure tests performed on the breakout tanks to the inspection team. Records of Tracer Tight Leak Tests from 1995 were later provided to PHMSA; however, these documents did not demonstrate that pressure tests were performed on the tanks in accordance with Part 195 Subpart E.

2. §195.452 Pipeline integrity management in high consequence areas.

(i) What preventive and mitigative measures must an operator take to protect the high consequence area?

(1) *General requirements.* An operator must take measures to prevent and mitigate the consequences of a pipeline failure that could affect a high consequence area. These measures include conducting a risk analysis of the pipeline segment to identify additional actions to enhance public safety or environmental protection. Such actions may include, but are not limited to, implementing damage prevention best practices, better monitoring of cathodic protection where corrosion is a concern, establishing shorter inspection intervals, installing EFRDs on the pipeline segment, modifying the systems that monitor pressure and detect leaks, providing additional training to personnel on response procedures, conducting drills with local emergency responders and adopting other management controls.

Plains did not maintain adequate documentation of its preventive and mitigative evaluations prior to the 2013 calendar year for “Sisquoc to Pentland” and “Pentland to Emidio” pipeline segments. A Plains representative eventually stated in an email, dated March 25, 2014, that the company was unable to locate the 2013 preventive and mitigative evaluations for those pipeline segments.

3. §195.452 Pipeline integrity management in high consequence areas.

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For High Consequence Areas (HCAs) where Plains does not take additional preventive and mitigative (P&M) measures, Plains did not adequately document its consideration of P&M measures or its justification for not implementing these measures. The inspection team found a lack of documentation to demonstrate the consideration and decision-making process of potential P&M measures.

4. §195.403 Emergency Response Training

(b) At the intervals not exceeding 15 months, but at least once each calendar year, each operator shall:

- (1) Review with personnel their performance in meeting the objectives of the emergency response training program set forth in paragraph (a) of this section; and**
- (2) Make appropriate changes to the emergency response training program as necessary to ensure that it is effective.**

Plains did not adequately document its annual review of its emergency response training program. The inspection team found a lack of documentation to demonstrate an adequate review of the training program objectives set forth in § 195.403(a) or the decision-making process for changes made to its program. All simulated and real emergencies should be self-critiqued, with deficiencies identified and recommendations made and followed up on.

5. §195.403 Emergency Response Training.

(c) Each operator shall require and verify that its supervisors maintain a thorough knowledge of that portion of the emergency response procedures established under 195.402 for which they are responsible to ensure compliance.

Plains did not have adequate documentation to demonstrate that supervisors maintained a thorough knowledge of that portion of the emergency response procedures established under § 195.402 for which they are responsible to ensure compliance. Plains' supervisors were present at emergency response training drills; however, there were no records to show or evaluate individual supervisor knowledge in order to verify that they each were knowledgeable about the procedures for which they are responsible.

6. §195.507 Recordkeeping

Each operator shall maintain records that demonstrate compliance with this subpart.

(a) Qualification records shall include:

- (1) Identification of qualified individual(s);**
- (2) Identification of the covered tasks the individual is qualified to perform;**
- (3) Date(s) of current qualification; and**
- (4) Qualification method(s).**

(b) Records supporting an individual's current qualification shall be maintained while the individual is performing the covered task. Records of prior qualification and records of individuals no longer performing covered tasks shall be retained for a period of five years.

Plains did not maintain sufficient records to demonstrate compliance with Subpart G, Operator Qualification. Plains did not document which qualified contractors performed each covered task on a daily basis. Each project file had a written list of all qualified individuals, but there was no written documentation to show who performed each task on a day-to-day basis.

Proposed Compliance Order

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.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

With respect to items 1 and 2 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Items

With respect to item numbers 3, 4, 5, and 6, 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. Be advised that failure to do so may result in Plains Pipeline, L.P. being subject to additional enforcement action.

Additional Areas of Safety Concern

During the course of our inspection, our representatives found concerns that may impact your current level of safety. These areas of concern were discussed with Plains during the inspection, but they are not considered to be explicit regulatory violations. Nevertheless, PHMSA recommends that these issues be addressed to improve the level of safety on your pipeline system. The following concerns were identified:

- Plains had unclear procedures and documentation of its decision making process for addressing when in-line inspection (ILI) tool run data indicates anomalous conditions. Specifically, the Plains procedures did not appear to fully discuss or document how tool tolerance was addressed or how measured anomalies that deviated significantly from the size predicted by the tool were addressed.
- Plains had incomplete documentation of its Management of Change (MOC) for a pressure reduction. The inspection team found an incomplete MOC form, specifically Plains MOC form 5012-5004, dated January 12, 2012. A pressure reduction was to be taken, but the current and proposed pressure set points were inadequately documented.
- Plains is responsible for educating emergency response officials as part of its Public Awareness Program. A review of Plains' Emergency Response Contact Reports for local fire and sheriff departments on June 26, 2013 indicated evidence of a lack of familiarity with the California One-Call System. Plains did not provide any documentation of follow-up where Plains educated emergency response officials on the One-Call System.

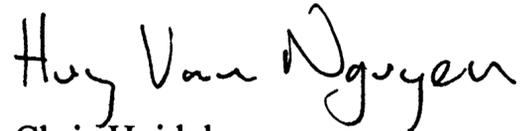
Response to this Notice

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. Be advised that all material you submit in response to this enforcement action is subject to being 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, as well as 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 5-2015-5019**. For each document you submit, please provide a copy in electronic format whenever possible.

Sincerely, *for*



Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 C. Ishikawa

Items 1-6: Activity #142916

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. (Plains) a Compliance Order (CO) incorporating the following remedial requirements to ensure the compliance of Plains with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice, for each breakout tank for which no hydrotest records is available, Plains must fill each with crude oil to capacity and hold static for 24 hours. Plains must document all details of the work performed as follows:
 - a) Capacity level of crude oil used,
 - b) Specific gravity of the liquid,
 - c) Temperature of the liquid at the start of the test,
 - d) Depth of liquid and temperature readings for each tank at 2 hour intervals over the 24 hour period,
 - e) Inspection and monitoring of the tank shell for leaks and potential defects during the 24 hour period, and
 - f) Operator qualification records of its personnel and contractors used to perform the tasks above.

Plains must provide the results to PHMSA and maintain these records as long as the facility tested is in use.

2. In regard to Item Number 2 of the Notice, Plains must re-evaluate its preventive and mitigative measures for the “Sisquoc to Pentland” and “Pentland to Emidio” pipeline segments, and provide the updated preventive and mitigative evaluations to PHMSA.

For these segments, Plains must continue to document its preventive and mitigative evaluations and re-evaluations each year. Each review must show the effectiveness of current preventive and mitigative actions. Also, when necessary as a result of integrity management program implementation, such documentation must also show the potential for enhancements and upgrades.

3. The operator must complete and submit all documentation for actions completed under Items 1 and 2 of this CO within 45 days of receipt of this Notice.
4. PHMSA requests that Plains maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Chris Hoidal, Director, Western 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.