

WARNING LETTER

VIA E-MAIL TO MR. HARRY N. PEFANIS

September 25, 2020

Mr. Harry N. Pefanis
President & Chief Commercial Officer & Director
Plains All-American GP LLC
333 Clay Street, Suite 1600
Houston, TX 77002

CPF 5-2020-5006W

Dear Mr. Pefanis:

During the weeks of May 28 through 31, June 10 through 14 and 24 through 28, July 16 through 19 and 22 through 25, August 20 through 23 and 26 through 28, 2019, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Plains All-American Pipeline, LP's (PAA) records and pipeline systems in Montana, Wyoming, and Colorado.

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. **§195.132 Design and construction of aboveground breakout tanks.**
 - (a) . . .
 - (b) **For aboveground breakout tanks first placed into service after October 2, 2000, compliance with paragraph (a) of this section requires one of the following:**
 - (1) ...

- (3) Vertical, cylindrical, welded steel tanks with internal pressures at the tank top approximating atmospheric pressures (i.e., internal vapor space pressures not greater than 2.5 psig (17.2 kPa), or not greater than the pressure developed by the weight of the tank roof) must be designed and constructed in accordance with API Std 650 (incorporated by reference, see §195.3).**

API Std 650, Section 5.8.3.5 requires that “Shell manhole covers shall have two handles. Those covers weighing more than 34 kg (75 lb) shall be equipped with either a hinge or davit to facilitate the handling of the manhole cover plate. The davit support arm shall not be welded directly to the shell without a reinforcing plate.” During the field inspection, PAA’s aboveground breakout Tanks #100, #200, #300, and #400, located at Cheyenne Junction and constructed and placed into service in 2015, failed to have two handles on the manhole covers. These vertical, cylindrical, welded steel tanks have internal pressures at the tank top approximating atmospheric pressures and therefore must be designed and constructed in accordance with API Std 650.

2. §195.402 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

PAA failed to follow its written procedures with regard to short bolting. Specifically, PAA’s procedure entitled “Flanged Pipe and Equipment Bolting”, Document Number: PAALP-ENG-SPC-FAP-002, Revision 8, App Date: 4/3/2019, Page 6 of 18, Step 12 states that “[t]here shall be at least one full thread protruding beyond the outside face of each nut after they are completely torqued.” During the field inspection, multiple flanges were found to be short bolted. These areas included the Powder River block valve, Stone Ranch block valve, Guernsey West, and Ft. Laramie locations.

3. §195.402 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

PAA failed to follow its written procedures on right-of-way inspections. First, while reviewing patrolling records, the following records failed to demonstrate that PAA’s Operations and Maintenance (O&M) Manual, Revision 1, dated January 2019, Right of Way Inspections, Section 2.1.3 “Reportable Observances or Sub-Work Order Reports” was followed:¹

1. Beartooth Unit (reviewed records for CY2016 to June 4, 2019):

¹ This procedure requires that reportable observances be recorded on a ROW Investigation Report, Form 205. This form includes a section to record dig tickets.

- June 10, 2016 – patrolling records stated excavation with line for company project at MP 74 with pipeline exposed but no follow up documentation could be provided, including one-call tickets.
2. ***Elk Basin to Casper 12” (reviewed records for CY2016 to June 4, 2019):***
 - August 26, 2016 to September 1, 2016 – Line excavated and exposed at Mile 161. No one call ticket or supporting documentation, per procedure, were provided.
 - January 5, 2017 – Safety fencing around an open excavation near Mile 74. This item was reported as an “immediate” condition on Form 204, but no follow up documentation could be provided, per the procedure.
 3. ***Casper to Guernsey Junction 12” (reviewed records for CY2016 to June 4, 2019):***
 - July 10, 2017 – Excavator parked over ROW at Mile 65. No one call ticket or follow up documentation could be provided, per the procedure.
 - September 20, 2017 to September 29, 2017 – Tallgrass excavating in ROW. No one call ticket or follow up documentation could be provided, per the procedure.
 4. ***Cowboy Pipeline (reviewed records for CY2016 to June 11, 2019):***
 - June 1, 2016 – Pilot identified erosion during the patrol. No documents could be provided to demonstrate the issue was addressed, per the procedure.
 - August 30, 2016 to October 26, 2016 – Excavations at the culvert east of Cheyenne Junction. No one call tickets or follow up documentation could be provided, per the procedure.
 - April 5, 2017 to April 18, 2017 – Open excavations on ROW by Plains. No one call tickets or follow up documentation could be provided, per the procedure.
 - January 8, 2019 – Excavator working along ROW near CIG station. No one call ticket or follow up documentation could be provided, per the procedure.

Second, the operator’s procedure “Right of Way Inspection, Section 2.1.1 – General Right of Way Inspections” which states that items to be inspected should include “[e]xcessive vegetation that might impede inspection and/or maintenance” was also not followed. During the field inspection, poor conditions of the right-of-ways were observed at river crossings, including the Bighorn River, Yellowstone River, and North Platte River. These river crossings were noted to have heavy/dense vegetation, with some areas being more than waist high. This excessive vegetation would very likely impede inspection and/or maintenance activity, and could certainly conceal a leak from aerial patrols.

4. §195.412 Inspection of rights-of-way and crossing 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.

PAA failed to conduct right-of- way inspections at the necessary intervals. While reviewing patrolling records, the following records indicated that the interval was missed:

Beartooth Unit (reviewed records for CY2016 to June 4, 2019):

- No records for patrolling were provided for December 9, 2016 to January 5, 2017. Records for 12/17/2016, 12/22/2016, 12/30/2016, and 1/7/2017 stated the pilot was unable to fly due to weather conditions. While the operator was able to provide “satellite” flight paths for

12/17/2016 and 12/30/2016, the procedure requires the completion of Form 204.² The document provided for these dates stated the pilot did not fly due to weather conditions.

5. §195.410 Line markers.

(a) Except as provided in paragraph (b) of this section, each operator shall place and maintain line markers over each buried pipeline in accordance with the following:

(1) Markers must be located at each public road crossing, at each railroad crossing, and in sufficient number along the remainder of each buried line so that its location is accurately known.

(2) The marker must state at least the following on a background of sharply contrasting color:

(i) The word “Warning,” “Caution,” or “Danger” followed by the words “Petroleum (or the name of the hazardous liquid transported) Pipeline”, or “Carbon Dioxide Pipeline,” all of which, except for markers in heavily developed urban areas, must be in letters at least 1 inch (25 millimeters) high with an approximate stroke of ¼ inch (6.4 millimeters).

(ii) The name of the operator and a telephone number (including area code) where the operator can be reached at all times.

During the field inspection, the following locations were found to be out of compliance with the regulatory requirements of §195.410:

1. PHMSA Unit 1245 – Casper District:

- Near rectifier #54, the line marker indicating the point of inflection was missing.
- At the Highway I-25 and Amoco Road Crossing, the labels on the line markers were faded and operator information was not legible, and the line markers were too short to determine the route of the pipeline across the highway.
- North Platte River Crossing at the Bixby Property. The line markers could not be seen due to high growth of foliage and trees. The route across the river could not be determined.
- Larco Junction – No line markers could be seen to the west. The line marker to east had a broken plate that failed to identify the operator or emergency number. Cherry Creek (Deer Creek) Block Valve – Line marker labels were faded, not of a contrasting color, and inadequate to determine route of the pipeline leaving the block valve.
- Chugwater Station – Line markers out of the station were inadequate to determine the route of the pipeline.
- Line markers from the block valve at Highway 85 to Suncor’s MP87 were broken, faded, and/or missing.

² PAA’s O&M Manual, Rev. 1, January 2019, Right of Way Inspections, Section 2.1.3 – Aerial Reportable Observances or Sub-Work Order Reports.

2. ***PHMSA Unit 74340 – Thermopolis District/Beartooth:***
 - Yellowstone River Crossing (west side) – Line markers were located within the trees/foliage and difficult to see with normal vision. Markers on the downstream side of the pipeline were not visible at all.
 - Aerial Marker #24.6 – markers to east through the agricultural fields were missing.
 - Milepost 26.81 – North of Moser Dome Road were missing.
3. ***PHMSA Unit 15275 – Thermopolis District/Bighorn:***
 - Bighorn River Crossing – line markers were so infrequent and/or covered by vegetation, pipeline route could not be determined.
 - Block Valve #7658 (east side) – line markers could not be seen due to vegetation.

6. **§195.442 Damage prevention program.**

(a)

(b) An operator may comply with any of the requirements of paragraph (c) of this section through participation in a public service program, such as a one call system, but such participation does not relieve the operator of the responsibility for compliance with this section. However, an operator must perform the duties of paragraph (c)(3) of this section through participation in a one-call system, if that one-call system is a qualified one-call system. In areas that are covered by more than one qualified one-call system, an operator need only join one of the qualified systems if there is a central telephone number for excavators to call for excavation activities, or if the one-call systems in those areas communicate with one another. An operator’s pipeline systems must be covered by a qualified one-call system where there is one in place. For the purpose of this section, a one-call system is considered a “qualified one-call” system if it meets the requirements of section (b)(1) or (b)(2) or this section.

PAA could not provide one call tickets for excavations identified by patrolling. (Please see Item 3 for additional details.)

7. **§195.581 Which pipelines must I protect against atmospheric corrosion and what coating material may I use?**

(a) You must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.

The following areas where pipelines or portions of pipeline were exposed to the atmosphere were found to be without coating and/or not properly cleaned and coated:

- Valve #28275 lacks proper coating.
- Platte River Injection Station – several areas of improper or failing coating on flanges, bolts, and nuts.
- Cheyenne Junction – small areas of pitting/corrosion under the saddles where no coating had been applied.
- Beartooth Incoming – areas of no coating on aboveground piping, bolts, and nuts.
- Oregon Station – Valve #24530, areas of no coating and/or coating failure.
- Greybull River – Valve #7637 NW, areas of poor coating on valve.
- Little Buffalo Junction – Valve #25001, areas of poor coating.

8. §195.583 What must I do to monitor atmospheric corrosion control?

(a) You must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:

Onshore – At least once every 3 calendar years, but with intervals not exceeding 39 months.

During the field inspection at the Casper Station, several areas of below grade pipe and/or valves located in “pits” at the pigging area were found to not be included on atmospheric corrosion inspections, despite being exposed to the atmosphere, pursuant to §195.583(a).

9. §195.583 What must I do to monitor atmospheric corrosion control?

(a) ...

(b) During inspections you must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and spans over water.

During the inspection, atmospheric corrosion inspection records were reviewed and found to be incomplete. Specifically, the form used for atmospheric corrosion inspections failed to have areas for field staff to document all the areas specifically required in §195.583(b). Therefore, compliance to this part could not be determined.

Additionally, many areas were observed to be in need of repair including:

- East Badwater Block Valve – on the upstream side of the valve, the canusa tape was disbonded at the soil to air interface. The downstream side of the valve showed the wrap to be disbonded at the top and bottom of the soil to air interface.
- Powder River Block Valve – both sides of the valve needs repair to the wrap at the soil to air interface.
- Salt Creek Station – 12” launcher soil to air interface wrap needs repair. The 16” receiver is improperly wrapped at the soil to air interface and needs repair.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. 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. 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 correct the items identified in this letter. Failure to do so will result in Plains All American being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2020-5006W**. 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 and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Sincerely,

Dustin Hubbard
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 D. Fehling (#163431)
Mr. Dean Gore, Vice President, Environmental & Regulatory Compliance
Plains All-American Pipeline, LP