



December 6, 2021

Certified Mail No: 7013 3020 0001 9782 7990

Ms. Mary McDaniel
Regional Director – Southwest Region
Pipeline and Hazardous Material Safety Administration
8701 S. Gessner, Suite 630
Houston, Texas 77074

Subject: Response to Notice of Probable Violation and Proposed Compliance Order
Case No.: CPF 4-2021-008-NOPV
Oryx Delaware Oil Transport LLC

Dear Ms. McDaniel:

On November 15, 2021, Oryx Delaware Oil Transport LLC (Oryx), received a Notice of Probable Violation (Notice) and Proposed Compliance Order (Order) for case CPF 4-2021-008-NOPV from Pipeline and Hazardous Materials Safety Administration (PHMSA) concerning an inspection from February 10, 2020, through April 9, 2021, of hazardous liquid pipeline systems located in New Mexico and Texas. PHMSA stated in the Notice that it had decided to issue a Compliance Order for Item 2 and to classify Item 1 and Items 3 through 5 as a warning items, which would not result in additional enforcement action or penalty assessment proceedings at this time. The following are the probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations from the Notice and the Order requirements, which are paraphrased for brevity in ***bold italicized text***, followed by the corresponding Oryx responses:

1. ***§195.64(c)(1)(iii)–National Registry of Pipeline and LNG Operators—Notification of reversal of product flow direction.***

Oryx failed to notify PHMSA through the National Registry of Operators within the 60-day timeframe required prior to product flow reversals on two pipelines.

Oryx's Response: Oryx has reminded accountable and responsible individuals of their responsibility to timely notify PHMSA electronically through the National Registry of Operators of certain events as set forth in §195.64.

2. ***§195.436–Security of facilities.***

Notice Summary: Oryx failed to provide protection to prevent vandalism or unauthorized entry at two scraper traps and five mainline block valves.

Order Summary: PHMSA proposes to issue to Oryx a Compliance Order incorporating the following remedial requirements to ensure compliance with the pipeline safety regulations:

1. In regard to Notice Item 2 of the Notice Oryx must:

- a. Review and locate each pumping station, breakout tank area and other exposed facilities (such as scraper traps or mainline block valves) that does not have protection from vandalism and unauthorized entry areas;***
- b. Provide protection from vandalism and unauthorized entry for those facilities identified above; and***
- c. Submit all documentation demonstrating compliance with item 1(a) and 1(b) to the Director of PHMSA Southwest Region for review within 90 days of receipt of the Final Order.***

2. It is requested that Oryx maintain documentation of the safety improvement costs for two categories associated with fulfilling this Compliance Order and report the totals to PHMSA.

Oryx's Response: Oryx will review and locate each pumping station, breakout tank area, and other exposed facilities that do not have protection from vandalism and unauthorized entry areas—like the scraper traps and mainline valves identified in Notice Item 2—and will provide protection from vandalism and unauthorized entry for these facilities in accordance with its O&M Manual and applicable PHMSA Guidance (For example, PHMSA Interpretation Response #PI-10-0019). Oryx believes it will be able to submit documentation demonstrating compliance with the Order within 90 days of receipt of the Final Order. However, it will notify PHMSA if additional time is required to comply with the Final Order due to unforeseen circumstances beyond its control, for example, inability to obtain necessary security materials because of supply chain issues, protracted negotiations for landowner agreements, or similar circumstances.

3. §195.420—Valve maintenance.

Oryx failed to inspect and document inspections of seven mainline valves twice each calendar year with intervals not exceeding 7½ months during 2019.

Oryx's Response: Oryx will use a work order management system to facilitate and document the occurrence of timely mainline valve inspections in the future.

4. §195.505—Qualification program.

Oryx failed to ensure through evaluation that individuals performing covered tasks were qualified as required by § 195.505(b), specifically its Covered Task Identity 714OP, Inspect and Maintain Pressure Limiting and Regulating Devices.

Oryx's Response: Oryx will use a learning management system to facilitate and document timely certification on applicable OQ covered tasks by the individuals performing the covered tasks and to ensure the covered tasks are only performed by individuals qualified to perform the covered tasks.

5. §195.567—Which pipelines must have test leads and what must I do to install and maintain the leads?

Oryx failed to maintain test lead wires in a condition that enabled it to obtain electrical measurements to determine the adequacy of cathodic protection on three of its test stations, and was unable to obtain cathodic protection readings at those locations in calendar years 2019 and 2020.

Oryx's Response: Oryx will repair the test leads and obtain cathodic protection readings at the locations identified in the Notice. In the future test leads will be repaired and the associated cathodic protection readings will be made within the timeframes required by Oryx procedures.

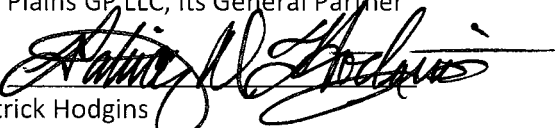
Should you have any questions regarding this response you may contact me directly at 713-646-4452, email at PDHodgins@paalp.com or contact Kevin Cunningham by email at KHCunningham@paalp.com, or call 713-993-5568.

Sincerely,

Oryx Delaware Oil Transport LLC

By: Plains Pipeline, L.P., its pipeline operating services provider

By: Plains GP LLC, its General Partner

By: 
Patrick Hodgins

Vice President Health, Safety & Environment

Ms. Mary McDaniel

December 6, 2021

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bcc:

Carol Sandvick, Plains

Cliff Tholl, Plains

Drew Engstrom, Plains

Joe Perez, Plains

Kevin Cunningham, Plains

Ngjabi Gicuhi, Plains

Sandra Tasso, Plains

File



U.S. Department of Transportation
**Pipeline and Hazardous Materials
Safety Administration**

8701 S. Gessner, Suite 630
Houston TX 77074

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

ELECTRONIC MAIL - RETURN RECEIPT REQUESTED

November 15, 2021

Pat Hodgins
Vice President Health, Safety and Environmental
Oryx Delaware Oil Transport LLC
333 Clay Street, Suite 1600
Houston, Texas 77002

CPF 4-2021-008-NOPV

Dear Mr. Hodgins:

From February 10, 2020, through April 9, 2021, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Oryx Delaware Oil Transport LLC's (Oryx) hazardous liquid pipeline systems located in New Mexico and Texas.

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

1. § 195.64 National Registry of Pipeline and LNG Operators.

(a) . . .

(c) Changes. Each operator must notify PHMSA electronically through the National Registry of Operators at <http://portal.phmsa.dot.gov>, of certain events.

(1) An operator must notify PHMSA of any of the following events not later than 60 days before the event occurs:

(i) . . .

(iii) Reversal of product flow direction when the reversal is expected to last more than 30 days. This notification is not required for pipeline systems already designed for bi-directional flow.

Oryx failed to notify PHMSA electronically through the National Registry of Operators, of its product flow reversal on two existing pipelines as required by § 195.64(c)(1)(iii). Oryx completed flow reversals of its North 12" crude oil pipeline from Ward County, Texas to Reeves County, Texas (21.9 miles) on April 14, 2021, and its Crane to Midland 24" crude oil pipeline from Crane County, Texas to Midland County, Texas (59.5 miles) on June 1, 2020.

During the April 2021 PHMSA field inspection, Oryx compliance personnel confirmed that Oryx did not notify PHMSA of the reversal of flow 60 days prior to the reversal. Oryx submitted notification to PHMSA on April 19, 2021, after the issue was raised during the inspection, five days after the North 12" flow reversal and 323 days after the Crane to Midland 24" flow reversal.

2. § 195.436 Security of facilities.

Each operator shall provide protection for each pumping station and breakout tank area and other exposed facility (such as scraper traps) from vandalism and unauthorized entry.

Oryx failed to provide protection at each pumping station and breakout tank area from vandalism and unauthorized entry. PHMSA inspectors found that Oryx had not installed fencing at two scraper traps (Mentone 12" mainline MMBV-2 and MMBV-1; Verhalen launcher 12" at WMBV-6) and five mainline block valves (including the Crane Interconnect 24"; the Greyoak valve; the Mentone 12" mainline MMBV-2 and MMBV-1; and the 16" pipeline inlet to Midland Station valve, WMBV-7) to prevent vandalism or unauthorized entry.

Oryx's written procedure, *Hazardous Liquids Operation & Maintenance Manual, B.23 Security* (Effective Date 1/22/2021), requires that "[e]ach operator shall provide protection for each pumping station, breakout tank area and other exposed facilities (such as scraper traps or mainline block valves) from vandalism and unauthorized entry."

3. § 195.420 Valve maintenance.

(a) . . .

(b) Each operator shall, at intervals not exceeding 7 1/2 months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

Oryx failed to inspect each mainline valve twice each calendar year with intervals not exceeding 7½ months to determine that it is functioning properly. Oryx was unable to provide documentation to validate the inspection of seven of its mainline valves twice each calendar year for 2019. Six of the valves only had one inspection performed, while the seventh location did not have any inspections for the calendar year 2019. The valve inspections resumed in 2020.

4. § 195.505 Qualification program.

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

(a) . . .

(b) Ensure through evaluation that individuals performing covered tasks are qualified;

Oryx failed to ensure through evaluation that individuals performing covered tasks were qualified as required by § 195.505(b), specifically its Covered Task Identity 714OP, Inspect and Maintain Pressure Limiting and Regulating Devices. During PHMSA's inspection, Oryx was not able to provide any documentation supporting the qualification of its employee that performed the covered task on February 13, 2020, at the Crane Station and was not qualified until after the performance of the task. The Oryx employee became qualified on April 23, 2020.

5. § 195.567 Which pipelines must have test leads and what must I do to install and maintain the leads?

(a) . . .

(c) *Maintenance.* You must maintain the test lead wires in a condition that enables you to obtain electrical measurements to determine whether cathodic protection complies with § 195.571.

Oryx failed to maintain test lead wires in a condition that enabled it to obtain electrical measurements to determine the adequacy of cathodic protection on three of its test stations on the Northwest 12" Mainline A. Oryx's Northwest 12" Mainline A Test Station #4, #5, and #40 were found to have broken test leads, and as a result, Oryx was unable to obtain cathodic protection readings in calendar years 2019 and 2020 at these locations.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violations occurring on or after July 31, 2019, and before January 11, 2021, the maximum penalty may not 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 violations 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 violations 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.

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 item 2 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Oryx Delaware Oil Transport LLC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Items

With respect to items 1, 3, 4, and 5 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.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement 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 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 4-2021-008-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,
MARY LOUISE
MCDANIEL

Digitally signed by MARY LOUISE
MCDANIEL
Date: 2021.11.15 13:05:45 -06'00'

Mary L. McDaniel P.E.
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Oryx Delaware Oil Transport LLC (Oryx) a Compliance Order incorporating the following remedial requirements to ensure compliance with the pipeline safety regulations:

1. In regard to Item 2 of the Notice pertaining to Oryx's failure to follow its *Hazardous Liquids Operation & Maintenance Manual, B.23 Security* (Effective Date 1/22/2021) procedure in accordance with § 195.402(a) and 195.436, Oryx must:
 - a. Review and locate each pumping station, breakout tank area and other exposed facilities (such as scraper traps or mainline block valves) that does not have protection from vandalism and unauthorized entry areas;
 - b. Provide protection from vandalism and unauthorized entry for those facilities identified above; and
 - c. Submit all documentation demonstrating compliance with item 1(a) and 1(b) to Mary L. McDaniel P.E., Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration, 8701 South Gessner, Suite 630 Houston, Texas 77074 for review within 90 days of receipt of the Final Order.
2. It is requested (not mandated) that Oryx Delaware Oil Transport LLC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Mary L. McDaniel, 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.