

July 8, 2025

VIA ELECTRONIC MAIL TO: chris.chandler@plains.com

Chris R. Chandler
Executive Vice President, and Chief Operating Officer
Plains All American Pipeline, L.P.
333 Clay Street, Suite 1900
Houston, Texas 77002

CPF No. 4-2024-029-NOPSO

Dear Mr. Chandler:

Enclosed please find a Consent Order incorporating the terms of the Consent Agreement between the Pipeline and Hazardous Materials Safety Administration (PHMSA) and Plains All American Pipeline, L.P., which was executed on May 14, 2025. Service of the Consent Order and Consent Agreement by electronic mail is deemed effective upon the date of transmission and acknowledgement of receipt, or as otherwise provided under 49 CFR § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Linda Daugherty
Acting Associate Administrator
for Pipeline Safety

Enclosure: Consent Order and Consent Agreement

cc: Bryan Lethcoe, Director, Southwest Region, Office of Pipeline Safety, PHMSA
Annie Cook, Counsel for Plains All American Pipeline, L.P., Bracewell LLP,
annie.cook@bracewell.com
Joe Perez, Senior Attorney, Plains All American Pipeline, L.P., joe.perez@plains.com

Ngiabi Gicuhi, Director, HSE Regulatory Compliance, Plains All American Pipeline, L.P.,
Ngiabi.Gicuhi@plains.com
Kevin Cunningham, HSE Regulatory Compliance Programs, Plains All American Pipeline,
L.P., kevin.cunningham@plains.com

CONFIRMATION OF RECEIPT REQUESTED

	)	
In the Matter of	)	
	)	
Plains Pipeline, L.P.,	)	
a subsidiary of Plains All American	)	
Pipeline, L.P.,	)	CPF No. 4-2024-029-NOPSO
	)	
Respondent.	)	
	)	

Date Issued

	)	
In the Matter of	)	
	)	
Plains Pipeline, L.P.,	)	
a subsidiary of Plains All American	)	
Pipeline, L.P.,	)	CPF No. 4-2024-029-NOPSO
	)	
Respondent.	)	
	)	

From August 7 through 11, 2017 and in March and April of 2023, pursuant to Chapter 601 of title 49, United States Code, the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), investigated the pipeline facilities and records of Plains Pipeline, L.P., a subsidiary of Plains All American Pipeline, L.P. (Plains or Respondent). Plains operates the Cotton Draw Pipeline, a segment of its Plains Basin System. The Cotton Draw Pipeline is comprised of two segments (Section 17 to Cotton Draw 12-inch and Cotton Draw to El Mar 12-inch), totaling twelve (12) miles of 12-inch API 5L X-52 Grade pipe originating at an existing field gathering lease in Eddy County, New Mexico, traversing through Lea County, New Mexico, and terminating at Plains' Cotton Draw Injection Station in Loving County, Texas. The Cotton Draw Pipeline expansion was constructed in 2016 and includes a 40,000-barrel breakout tank located at Cotton Draw Station near El Mar, Texas.

As a result of the investigation, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated May 17, 2024, a Notice of Proposed Safety Order (Notice). The Notice alleged that conditions exist on Respondent's pipeline system that pose a pipeline integrity risk to public safety, property, or the environment. The Notice also proposed that Plains take certain corrective measures to remedy the alleged conditions and ensure that the public, property, and the environment are protected from the alleged integrity risk.

On July 15, 2024, after receiving a time extension to respond, Plains responded to the Notice by submitting a written response and request for an informal consultation under 49 CFR § 190.239(b)(2). PHMSA and Respondent (the Parties) held informal consultation on August 8, 2024.

As a result of the informal consultation, the Parties agree that settlement of this proceeding and resolution of the Item 1 compliance order associated with the Final Order (CPF 4-2019-5004)¹ by entry into this Consent Agreement (Agreement) is the most appropriate means of resolving the issues raised in the Notice, will avoid further administrative proceedings or litigation, and is in the public interest. Therefore, pursuant to 49 CFR § 190.239(b)(2), without adjudication of any issue of law or fact, and upon consent and agreement, the Parties agree to the following terms and conditions.

I. General Provisions

1. Respondent acknowledges that as the operator of the pipeline facilities subject to the Notice, Respondent and its referenced pipeline facilities are subject to the jurisdiction of the Federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations and administrative orders issued thereunder. For purposes of this Agreement, Respondent acknowledges that it received proper notice of PHMSA's action in this proceeding and that the Notice states claims upon which relief may be granted pursuant to 49 U.S.C. § 60101, *et seq.*, and the regulations and orders issued thereunder.

2. Respondent neither admits nor denies any allegations or conclusions in the Notice or this Agreement, but agrees, for purposes of this Agreement, to complete the actions specified in Section II of this Agreement (Corrective Measures) and to abide by the terms of this Agreement.

3. After Respondent returns this signed Agreement to PHMSA, the Agency's representative will present it to the Associate Administrator for Pipeline Safety, recommending that the Associate Administrator adopt the terms of this Agreement by issuing an administrative order (Consent Order) incorporating the terms of this Agreement. The terms of this Agreement constitute an offer of settlement until accepted by the Associate Administrator. Once accepted, the Associate Administrator will issue a Consent Order incorporating the terms of this Agreement.

4. Respondent consents to the issuance of the Consent Order, and hereby waives any further procedural requirements with respect to its issuance. Respondent waives all rights to contest the adequacy of notice, or the validity of the Consent Order or this Agreement, including all rights to administrative or judicial hearings or appeals, except for the Dispute Resolution provisions set forth herein.

5. This Agreement shall apply to and be binding upon PHMSA and Respondent, its officers, directors, and employees, and its successors, assigns, or other entities or persons otherwise bound by law. Respondent agrees to provide a copy of this Agreement and any incorporated work plans and schedules to all of Respondent's officers, employees, and agents whose duties might reasonably include compliance with this Agreement.

6. For all transfers of ownership or operating responsibility of Respondent's pipeline system referenced herein, Respondent will provide a copy of this Agreement to the prospective transferee at least 30 days prior to such transfer. Respondent will provide written notice of the transfer to the Director no later than 60 days after the transfer occurs.

¹ The Director agrees to close CPF 4-2019-5004 after the Consent Order and Agreement is executed.

7. This Agreement constitutes the final, complete and exclusive agreement and understanding between the Parties with respect to the settlement embodied in this Agreement. The Parties acknowledge that there are no representations, agreements or understandings relating to settlement other than those expressly contained in this Agreement, except that the terms of this Agreement may be construed by reference to the Notice.

8. Nothing in this Agreement affects or relieves Respondent of its responsibility to comply with all applicable requirements of the Federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations and orders issued thereunder. Nothing in this Agreement alters PHMSA's right of access, entry, inspection, and information gathering or PHMSA's authority to bring enforcement actions against Respondent pursuant to the Federal pipeline safety laws, the regulations and orders issued thereunder, or any other provision of Federal or State law.

9. This Agreement does not waive or modify any Federal, State, or local laws or regulations that are applicable to Respondent's pipeline systems. This Agreement is not a permit, or a modification of any permit, under any Federal, State, or local laws or regulations. Respondent remains responsible for achieving and maintaining compliance with all applicable Federal, State, and local laws, regulations and permits.

10. This Agreement does not create rights in, or grant any cause of action to, any third party not party to this Agreement. The U.S. Department of Transportation is not liable for any injuries or damages to persons or property arising from acts or omissions of Respondent or its officers, employees, or agents carrying out the work required by this Agreement. Respondent agrees to hold harmless the U.S. Department of Transportation, its officers, employees, agents, and representatives from any and all causes of action arising from any acts or omissions of Respondent or its contractors in carrying out any work required by this Agreement.

11. This Agreement does not constitute a finding of violation of any Federal law or regulation and may not be used in any civil or administrative proceeding of any kind as evidence or proof of any fact, fault, or liability, or as evidence of the violation of any law, rule, regulation, or requirement, except in a proceeding to enforce the provisions of this Agreement.

II. Corrective Measures:

12. Upon issuance of the Consent Order, Respondent agrees to perform the Corrective Measures set forth below.

13. Plains must perform a review of its Operator Qualification (OQ) program required by 49 CFR Part 195, Subpart G, and identify any covered tasks for inclusion in its OQ program, including but not limited to tasks associated with:

- a) Ensuring adequate pipeline support during excavation;
- b) Welding and welding inspection on an existing in-service pipeline;
- c) Visual inspection of pipe and components prior to installation;
- d) Visual inspection for internal corrosion;
- e) Measuring internal corrosion; and

- f) Installation of steel pipe in a ditch.

A report detailing the evaluation, including covered tasks that were identified during the review for inclusion in Plains' OQ Plan, must be submitted to the Director, Southwest Region, PHMSA (Director) within 90 days of issuance of the Order. Plains must submit its OQ Plan and Covered Task List revised in accordance with Corrective Measure 13 (a) – (f) within 90 days of submission of the report to the Director.

14. Plains must identify all personnel involved in each of the dig sites where cutouts were performed as detailed in the Notice, OQ records for the identified personnel, and the tasks performed, and provide this information to the Director within 30 days of issuance of the Order.

15. Plains must: evaluate the work performed associated with the cutouts and repair work identified to Plains by the PHMSA inspectors and detailed in the Notice based on the considerations below and repair records maintained pursuant to applicable Plains procedures; review procedures for any deficiencies and identify revisions needed in operating and maintenance procedures; and submit a report to the Director within 90 days of issuance of the Order, detailing the findings and proposed revisions to the procedures and training needed to remedy any identified deficiencies. Plains may rely on previous evaluations and/or procedural revisions provided they were undertaken after the cutouts and repair work and were based on one or more of the considerations below.

The evaluation and report submitted to the Director must consider whether Plains completed the following:

- a) Properly purge and isolate the pipeline;
- b) Ensure pipeline repairs were made in a safe manner;
- c) Ensure welding was completed according to the requirements of the qualified welding procedure and Plains' operating and maintenance procedures;
- d) Measure residual magnetism and take the appropriate measures to degauss the pipeline prior to welding;
- e) Receive written approval or generate design drawings prior to installing temporary vents on the pipeline;
- f) Inspect the inside surface of the pipeline for internal corrosion;
- g) Measure and document the internal corrosion as required by Plains' procedures;
- h) Document the repair work as required by Plains' procedures; and
- i) Properly document the destructive testing results for Plains' recordkeeping purposes.

16. Plains must develop and implement an internal weld inspection program, including written procedures, for the Cotton Draw Pipeline to inspect the integrity of the girth welds and identify action thresholds requiring mitigative measures. The program must use an inline inspection tool capable of:

- a) Detecting and sizing cracks and crack growth;
- b) Identifying and sizing any other integrity-threatening defects in the girth welds; and

- c) Identifying increases in strain that may threaten the integrity of the girth welds.

Plains must submit its internal weld inspection program and procedures developed in accordance with the above for approval to the Director within 90 days of issuance of the Order. Plains must perform the first assessment within 3 years from the date Plains receives approval for its internal weld inspection program and procedures from Director, perform one reassessment with an inline inspection tool at an interval determined based on the results of the first assessment, and provide the final results of both assessments to the Director for approval within 60 days of completing each of the assessments. This Corrective Measure shall be deemed satisfied upon the completion of the initial assessment (as specified in the weld inspection program and procedures approved by PHMSA) and one reassessment with an inline inspection tool at an interval determined based on the results of the first assessment under the terms of this Corrective Measure. Any further reassessment is outside of this Agreement and will be conducted in accordance with the intervals prescribed by Plains' Integrity Management Plan.

17. Plains must:

- a) Perform an effectiveness review of its internal corrosion control program for the Cotton Draw Pipeline;
- b) Determine the severity and extent of the existing internal corrosion;
- c) Perform testing to determine the specific cause of the internal corrosion; and
- d) Implement the appropriate monitoring, testing, and mitigative measures to ensure the integrity of the pipeline.

Plains may use previous tests, inspections, assessments, evaluations, monitoring, and/or mitigative measures provided that they were related to addressing, monitoring, testing, and/or mitigating internal corrosion on the Cotton Draw Pipeline. Plains must submit a report to the Director within 60 days of issuance of the Order, providing details of the internal corrosion control program effectiveness review, the specific cause(s) of the internal corrosion, the procedures that Plains will implement to test and monitor the effectiveness of the internal corrosion control program, and the preventative and mitigative measures that will be implemented.

18. ***Extensions of Time.*** The Director may grant an extension of time for compliance with any of the terms of the Agreement upon a written request timely submitted demonstrating good cause for the extension. The Director shall respond in writing to any such request.

III. Review and Approval Process:

19. With respect to any submission under Section II (Corrective Measures) of this Agreement that requires the approval of the Director, the Director may: (a) approve, in whole or in part, the submission; (b) approve the submission on specified, reasonable conditions; (c) disapprove, in whole or in part, the submission; or (d) any combination of the foregoing. If the Director approves, approves in part, or approves with conditions, Respondent will take all actions as approved by the Director, subject to Respondent's right to invoke the dispute resolution procedures, including but not limited to any conditions the Director identifies. If the Director disapproves all or any portion of the submission, the Director will provide Respondent a written notice of the deficiencies and a reasonable period of time to correct them. Respondent

will correct all deficiencies within the time specified by the Director and resubmit it for approval. If the Director does not act on a submission or any document or plan submitted under this paragraph within 60 days of submission, it will be deemed to be approved unless the Director provides written notice during the 60-day period which includes an estimated date of completion of its review.

IV. Dispute Resolution:

20. The Director and Respondent will informally attempt to resolve any disputes arising under this Agreement, including but not limited to any decision of the Director under the terms of Sections II (Corrective Measures) and III (Review and Approval Process). If Respondent and the Director are unable to informally resolve the dispute within 15 calendar days after Respondent invokes the dispute resolution provision in writing, to the Director, Respondent may submit a written request for a determination resolving the dispute from the Associate Administrator for Pipeline Safety. Such request must be made in writing and provided to the Director, counsel for the Southwest Region, and to the Associate Administrator, no later than 10 calendar days from the 15-day deadline for informal resolution referenced in this paragraph. Along with its request, Respondent must provide the Associate Administrator with all information Respondent believes is relevant to the dispute. If the request is submitted as provided herein, the Associate Administrator will issue a final determination in writing. Decisions of the Associate Administrator under this paragraph will constitute final agency action. The existence of a dispute and PHMSA's consideration of matters placed in dispute will not excuse, toll, or suspend any term or timeframe for completion of any work to be performed under this Agreement during the pendency of the dispute resolution process except as agreed by the Director or Associate Administrator in writing.

V. Enforcement:

21. This Agreement is subject to all enforcement authorities available to PHMSA under 49 U.S.C. § 60101, *et seq.*, and 49 CFR Part 190, including administrative civil penalties under 49 U.S.C. § 60122, of up to \$266,015 per violation for each day the violation continues and referral of the case to the Attorney General for judicial enforcement, if PHMSA determines that Respondent is not complying with the terms of this Agreement in accordance with the determinations made by the Director, or in accordance with decisions of the Associate Administrator if resolved pursuant to the Dispute Resolution process herein. The maximum civil penalty amounts are adjusted annually for inflation. *See* 49 CFR § 190.223. All work plans and associated schedules set forth or referenced in Section II are automatically incorporated into this Agreement and are enforceable in the same manner.

VI. Effective Date:

22. The term "Effective Date," as used herein, is the date on which the Consent Order is issued by the Associate Administrator incorporating the terms of this Agreement. Respondent shall be furnished with a copy of the Consent Order within two (2) business days of the Effective Date.

VII. Recordkeeping and Information Disclosure:

23. Unless otherwise required in this Agreement, Respondent agrees to maintain records demonstrating compliance with all requirements of this Agreement for a period of at least five (5) years following completion of all work to be performed, unless a longer period of time is required pursuant to 49 CFR Parts 190-199. For any reports, plans, or other deliverables required to be submitted to PHMSA pursuant to this Agreement, Respondent may assert a claim of business confidentiality or other protections applicable to the release of information by PHMSA, covering part or all of the information required to be submitted to PHMSA pursuant to this Agreement in accordance with 49 CFR Part 7. Respondent must mark the claim of confidentiality in writing on each page, and include a statement specifying the grounds for each claim of confidentiality. PHMSA determines release of any information submitted pursuant to this Agreement in accordance with 49 CFR Part 7, the Freedom of Information Act, 5 U.S.C. § 552, DOT and PHMSA policies, and other applicable regulations and Executive Orders.

VIII. Modification:

24. The terms of this Agreement may be modified by mutual agreement of the Parties. Such modifications must be in writing and signed by both parties.

IX. Termination:

25. This Agreement will remain in effect until the Corrective Measures in Section II are satisfied, as determined by the Director. The Agreement shall not terminate until the Director confirms, in writing, that the Agreement is terminated in accordance with this paragraph. Respondent may request written confirmation from PHMSA when this Consent Agreement is terminated, and the Director will provide such confirmation. Nothing in this Agreement prevents Respondent from completing any of the obligations earlier than the deadlines provided for in this Agreement.

X. Ratification:

26. The Parties' undersigned representatives certify that they are fully authorized to enter into the terms and conditions of this Agreement and to execute and legally bind such party to this document.

27. The Parties hereby agree to all conditions and terms of this Agreement.

[Signature Lines on Following Page]

For Plains All American Pipeline, L.P.:

Pat Hodgins, Vice President, Health, Safety and Environmental

Date

For PHMSA:

Director, Southwest Region, Office of Pipeline Safety

Date