PLAINS
PIPELINE, L.P.

October 12, 2015

Via Certified Mail and Electronic Mail

Mr. Chris Hoidal
Director, Western Region
Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration
12300 West Dakota Avenue, Suite 110
Lakewood, CO 80228

Re: Response to Notice of Probable Violation and Proposed Compliance Order; CPF 5-2015-5019

Dear Mr. Hoidal:

This letter responds to the September 11, 2015, Notice of Probable Violation and Proposed Compliance Order (CPF 4-2013-5007) (NOPV/PCO) issued to Plains Pipeline, L.P. (Plains or Company) regarding certain alleged violations of the Pipeline and Hazardous Materials Safety Administration (PHMSA) Pipeline Safety Regulations, Title 49, Code of Federal Regulations.[1] The NOPV/PCO identifies six alleged violations and three areas of concern stemming from PHMSA's August – October 2013 inspection of Plains' Line 901 and 903 pipeline system in Bakersfield, CA.

Plains is committed to operating its pipeline system safely and in accordance with applicable regulatory requirements. We appreciate this opportunity to provide further information regarding this matter. In this response, we address each of the items noted in the NOPV/PCO. As noted herein, we are objecting to the issuance of the PCO. We respectfully request an opportunity to discuss this matter further with you prior to the issuance of any Final Order. We look forward to working with you to resolve this matter as quickly as possible.

Response to Probable Violations Identified in NOPV/PCO

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 is in use.

PHMSA alleges that Plains did not maintain adequate documentation of pressure tests for seven breakout tanks at Pentland Station in Kern County, California. PHMSA also indicates that records of Tracer Tight Leak Tests provided by Plains did not demonstrate that pressure tests were performed on the referenced tanks in accordance with 40 C.F.R. 195, Subpart E.

[1] Plains received the NOPV/PCO via e-mail at 6:39 PM CT on September 11, 2015.

Response – Plains objects to the alleged probable violation and the associated proposed compliance order. In the NOPV, PHMSA states that "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." However, the requirement for a baseline assessment plan is a component of the Integrity Management rule (49 C.F.R. § 195.452) and PHMSA previously has confirmed that baseline integrity assessment requirements under the rule only apply to line pipe not breakout tanks.[2]

Plains acquired the Pentland Station in July 1998 from Goodyear Tire and Rubber Company. The Pentland Station was originally placed into service in 1987 and the seven tanks were placed into service during the period from 1988 to 1993, which is prior to the October 2, 2000, effective date specified in 49 C.F.R. § 195.307.

Hydrostatic pressure tests were reportedly performed on each breakout tank following installation; thus far, Plains has been unable to obtain copies of full test records for each tank. We are working with the original contractor to obtain any available confirmatory records.[3]

Additional testing has also been conducted on these tanks. Records of Tracer Tight® Leak Tests performed on the tanks, which substantiated no leakage, were provided to PHMSA by Plains following the 2013 PHMSA inspection. In addition, API 653 inspections have been regularly performed on these tanks with no major alterations/repairs required. There has been no evidence of any leakage with these tanks under any conditions, including when completely filled.

In light of the above, we believe that the integrity of the tanks has been established and requiring the static hold tests described in Item Number 1 of the PCO is not justified or necessary. Therefore, we request that it be dropped from any Final Order.

Note - to further document the robustness of these tanks, Plains is willing to voluntarily conduct the additional static hold test described in the PCO on each of the seven tanks (provided no corresponding hydrostatic test record is located). However, with Line 2000 in proration, it will take some time to coordinate and complete this testing. We anticipate that it will take approximately 90 to 120 days to complete this work.

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.**

[2] *See, e.g.,* 49 C.F.R. 195.452(b)(3) and question 2.1 in PHMSA's Hazardous Liquid Integrity Management: FAQs (https://primis.phmsa.dot.gov/iim/faqs.htm).
[3] See Attachment 1 for copy of information obtained to date for tank #4A02 (construction logs).

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.

PHMSA alleges that Plains did not maintain adequate documentation of its preventative and mitigative (P&M) evaluations prior to 2013 for the "Sisquoc to Pentland" and "Pentland to Emidio" pipeline segments.

Response – Plains objects to PCO Item Number 2. The Company has conducted and continues to conduct regular P&M evaluations on the specified segments and updates its P&M activities as a result of these reviews. P&M evaluations were conducted for the period prior to 2013 and specific follow up measures were implemented. Requiring the Company to re-evaluate P&M measures for the specified segments would be duplicative of the work conducted or being conducted as follow up to recent tool runs and for the Corrective Action Order CPF No. 5-2015-5011H.

Plains' procedure for the identification of P&M measures is documented in Section 11 of the Company's Integrity Management Plan (IMP) and provides for a process that includes: (1) the assignment of responsibility to defined individuals and groups; (2) formation of P&M evaluation teams; (3) conducting P&M evaluation meetings; (4) documentation of P&M evaluation meetings; and (5) management review and approval of P&M recommendations.

To provide documentation of the P&M evaluations conducted following the 2006 ILI tool run, we have prepared Evaluation and Recommendations Summary Reports for the P&M reviews that were actually completed in 2006 based on a consideration of the other activities completed by the Company as a result of those P&M reviews. (See Attachments 2 and 3.)[4] For both referenced segments, a Close Interval Survey with Depth of Cover Survey was completed in 2009. Another action reflective of the Company's commitment to the P&M process was implemented in 2012. Based on a programmatic IMP review, Plains reduced the reassessment period between ILI tool runs from five to three years on identified pipelines with possible shielding external coating (such as polyethylene tape coating, shrink sleeves).

Plains is reviewing and updating, as appropriate, its P&M procedure to assure the process and, importantly, the documentation of decision making are as robust as possible. As provided for in its IMP, Plains will continue to document its P&M evaluations (the Company's process is to meet annually or more frequently to complete P&M reviews for the ILI inspections with completed digs since the last yearly meeting). P&M recommendations and responsive actions are being tracked using SalesForce® software.

[4] These reports are available for viewing on the D4 Data Sharing Portal under the filenames "Plains NOPV Response Attachment 2" and "Plains NOPV Response Attachment 3" within the "PHMSA CAO" folder.

In light of the above and taking into account the review work conducted or being conducted as follow up to the recently completed tool runs (*e.g.*, 2014 Pentland-to-Emidio P&M, 2015 Pentland-to-Emidio ultrasonic tool run) and for the Corrective Action Order CPF No. 5-2015-5011H (*e.g.*, review/analyses, remedial work plan), we do not believe that requiring Plains to complete Item Number 2 of the PCO is warranted as it would be duplicative of the referenced efforts. Therefore, we request that this item be dropped from any Final Order.

3) **§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..**

PHMSA alleges that Plains did not adequately document its consideration of P&M measures or its justification for not implementing such measures in High Consequence Areas (HCAs) where Plains does not take additional P&M measures.

Response – As noted in the response to item #2 above, Plains regularly conducts P&M evaluations as a component of the Company's Integrity Management Program (IMP). The Company has now prepared summary reports for the P&M evaluations conducted following the 2006 tool run, which are reflective of the follow up actions implemented.

Plains' procedure for the identification of P&M measures is documented in Section 11 of the Company's IMP and provides for a process that includes: (1) the assignment of responsibility to defined individuals and groups; (2) formation of P&M evaluation teams; (3) conducting P&M evaluation meetings; (4) documentation of P&M evaluation meetings; and (5) management review and approval of P&M recommendations.

Plains recognizes the importance of documenting decision making with respect to P&M measures considered. Plains is reviewing and updating, as appropriate, its P&M procedure to assure the process and, importantly, the documentation of decision making are as robust as possible.

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.

PHMSA alleges that Plains did not adequately document the Company's annual review of its emergency response training program. Specifically, PHMSA indicates that it found a lack of documentation to demonstrate an adequate review of training program objectives or the decision-making process for changes made to the program. PHMSA also comments that all simulated and real emergencies should be self-critiqued with deficiencies identified and recommendations made and followed up on.

Response – Plains has a comprehensive emergency response training program and conducts annual reviews with each employee in accordance with Plains O&M Procedure P-195.403. The reviews are conducted by the Environmental & Regulatory Compliance Department with the aid of each Operations division. Attachment 4 provides a summary of the Company's annual emergency response training recommendations for 2013 and 2014. Those documents summarize findings and feedback received from various trainings (including those related to drill preparation) and provide a short narrative regarding follow up actions completed for each item. Plains is also using Form 702 to document annual reviews involving supervisors and employees regarding emergency response requirements and accomplishments. (See Attachment 5.)

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.

PHMSA alleges that Plains did not have adequate documentation to demonstrate that supervisors maintained a thorough knowledge of the portion of the emergency response procedures for which they are responsible.

Response – Plains believes that it has maintained adequate documentation to demonstrate that supervisors maintain thorough knowledge of the emergency response procedures for which they are responsible, but we will nonetheless work to improve such documentation. Plains subjects supervisors to comprehensive training on emergency response procedures pertinent to each individual's position and responsibilities. As PHMSA recognizes in the NOPV/PCO, "supervisors were present at emergency response training drills." Importantly, we note that these individuals participated in the training. To enhance documentation, effective Q4, 2013, additional detail is being captured to highlight and memorialize the specific area of supervisor emergency response knowledge evaluated. See Attachment 6 for copies of QI Notification Quarterly Drill Documentation for the period from 2012 – June 2015.

Plains' training sessions/exercises are specifically designed to provide personnel with a thorough knowledge of emergency response procedures. This helps assure that all

personnel, including supervisors maintain the requisite level of knowledge regarding emergency response procedures. As previously noted, training exercises are critiqued with both verbal and recommendations made and followed up on. For your reference, Attachment 7 provides records of recent ICS Forms training and Spill Response Plan training, each of which included supervisors.

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.

PHMSA alleges that Plains did not maintain sufficient records to demonstrate compliance with Operator Qualification (OQ) requirements in Part 195, Subpart G. Specifically, PHMSA indicates that Plains did not document which qualified contractors performed each covered task on a daily basis.

Response – Plains disagrees with PHMSA's assertion of non-compliance with the § 195.507 recordkeeping requirements. The cited regulation does not impose a requirement that the operator maintain "written documentation to show who performed each task on a day-to-day basis." Rather, as the regulatory language quoted in the NOPV itself notes, there are four compulsory elements of an OQ record: (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).

Besides not appearing in the PHMSA OQ rules, no mention of a requirement that an operator must document which contractors performed which covered tasks on a daily basis appears in the extensive OQ *FAQs* posted on PHMSA's website,[5] in PHMSA's *OQ Enforcement Guidance*[6] *or OQ Guide for Small Distribution Systems.*[7]

Section 9 of the Plains' OQ Plan describes the Company's documentation and recordkeeping approach with respect to the qualification of individuals, including

[5] http://primis.phmsa.dot.gov/oq/faqs.htm
[6] http://phmsa.dot.gov/pv_obj_cache/pv_obj_id_EDE3463E6E470BD916B676B8941877B044430400/filename/OQ_Enforcement_Guidance_06_24_2014.pdf
[7] http://www.phmsa.dot.gov/portal/site/PHMSA/menuitem.6f23687cf7b00b0f22e4c6962d9c8789/?vgnextoid=d492e097181b3110VgnVCM1000009ed07898RCRD&vgnextchannel=305b428719cb3110VgnVCM1000009ed07898RCRD

contractors, to perform covered tasks on a pipeline facility.[8] The Company uses an ISN Application to track Company and contractor personnel for qualifications to perform specific covered tasks. See Attachment 8 for a sample report of an individual qualification record. The record contains all four compulsory elements.

For Project or Construction activities, Plains' construction supervisors use Form 706 (Project with OQ Covered Task) to list all Covered Tasks that will be performed. The construction supervisor then completes the form identifying all Covered Tasks and personnel (company and contract) and then submits it to the OQ Coordinator. Once received, the OQ Coordinator inputs the information into the ISN Program, which then generates a Job Site Number. Once this is completed the OQ Coordinator can then generate a Gap Matrix for the specific Job Site (see Attachment 9 for sample matrix template). This gap matrix lists all the Covered Tasks identified, the personnel that are assigned to work on the project, and the Task(s) they are qualified to perform. The document is reviewed to determine that all Covered Tasks identified have a qualified person that can perform the task.

As shown above, the Company's OQ records address each of the four compulsory record elements set out in §195.507(a). Therefore, the PHMSA allegation is without merit.

Response to Additional Areas of Concern Noted in NOPV/PCO

1) ***PHMSA Comment:*** *"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."*

Response – We believe our procedures and documentation are clear. As referenced in Section 6.3 of Plains' IMP, a 10% tool tolerance is added to all metal loss anomalies. In addition, Plains prepares a unity plot to display (and document) tool performance of the field-measured versus tool-reported anomalies. For anomalies that deviate significantly (*e.g.*, there is a greater number of incidents of undercalls by the tool), Plains employs one (or more) of the following options: (1) review or have the vendor review the raw ILI data for similar indications to investigate; (2) request the ILI vendor re-grade the ILI data; (3) lower the dig threshold; or (4) shorten the re-inspection interval. This is a case-specific determination involving professional judgment and a consideration of the precise facts and circumstances.

2) ***PHMSA Comment:*** *"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*

[8] We note that PHMSA has reviewed Section 9 of Plains' OQ Plan on multiple occasions over the years and it has never previously raised an issue about the Company's documentation/recordkeeping approach.

reduction was to be taken, but the current and proposed pressure set points were inadequately documented."

Response – We note that Plains' Console and MOC records all reference the proposed set points. Plains will provide training/instruction to remind personnel to include both the current and proposed set points in documentation.

3) ***PHMSA Comment:*** *"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 – PHMSA appears to be referencing the public awareness requirements set out in 49 C.F.R. § 195.440. Plains recognizes it must develop and implement a written continuing public education program that follows the guidance in the API RP 1162 and that per §195.440(d) its program "must specifically include provisions to educate the public, *appropriate* government organizations, and persons engaged in excavation related activities on use of a one-call notification system prior to excavation and other damage prevention activities." We note that "emergency officials" (defined to include fire, police, and sheriff departments) is not included among the stakeholder categories for which one-call notification outreach is prescribed in RP 1162.[9]

As part of Plains' Public Awareness Programs, the Company hosts periodic outreach meetings to public and emergency responders either directly or through group meetings hosted with other operators or utility companies. Attached are records of outreaches conducted in 2013 and 2014 during which the State One-Call System was a topic of presentation. Included in the attachment are the attendee sign-in sheets for the events, which demonstrate the participation of multiple emergency officials. (See Attachment 10.)

To draw further attention to the One Call system, Plains' 2016 brochure to Emergency Officials will include information concerning the One Call system.

* * *

We look forward to the opportunity to discuss this matter further at your earliest convenience. Should you have any questions or desire additional information, please do not hesitate to contact me.

[9] RP 1162 does include "Public officials" category among those required to receive one-call outreach. This category is defined to include such parties as city/county managers, zoning board, licensing and planning departments, building code enforcement, and public utility board.

Sincerely,

Troy Valenzuela
Vice President, Environmental, Health, & Safety

ATTACHMENTS