



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

SENT TO COMPLIANCE REGISTRY
Hardcopy Electronically
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12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

December 5, 2007

Mr. Steven Rusch
Vice President
Plains Exploration & Production, Inc. (PXP)
5640 S. Fairfax Avenue
Los Angeles, CA 90056

CPF 5-2007-7006

Dear Mr. Rusch:

On June 11 to 14, 2007, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your pipeline system from the offshore platform Irene to the inland facility Lompoc Gas Plant in Lompoc, California.

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 items inspected and the probable violations are:

1. **§ 195.402 Procedural manual for operations, maintenance, and emergencies.**

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(9) In the case of facilities not equipped to fail safe that are identified under paragraph 195.402(c)(4) or that control receipt and delivery of the hazardous liquid or carbon dioxide, detecting abnormal operating conditions by monitoring pressure, temperature, flow or other appropriate operational data and transmitting this data to an attended location.

The pipeline was not equipped to fail safe. PXP operator personnel monitor pipeline data on the offshore platform and at the Lompoc Gas Plant. At the Lompoc Gas Plant, PXP operator personnel recorded pipeline pressure every 2 hours. They contacted the offshore platform personnel twice a day regarding these data. Temperature, flow or other appropriate operational data for the pipeline were not monitored and transmitted to this attended location.

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?

(3) Leak Detection. An operator must have a means to detect leaks on its pipeline system. An operator must evaluate the capability of its leak detection means and modify, as necessary, to protect the high consequence area.

PXP did not have a leak detection system for this pipeline. PXP personnel revealed that possible study for a leak detection system could be available for the Irene pipeline when the Arguello pipeline project will be completed in near future. A leak detection system was designed and made available for the Arguello pipeline system.

Proposed Compliance Order

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to PXP. Please refer to the *Proposed Compliance Order* that is enclosed and made a part of this Notice.

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 and 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 5-2007-7006** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Hoidal". The signature is fluid and cursive, with a large initial "C" and a long, sweeping underline.

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

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

cc: PHP-60 Compliance Registry
PHP-500 P. Nguyen (#118866)

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Plains Exploration & Production, Inc (PXP) a Compliance Order incorporating the following remedial requirements to ensure the compliance of PXP with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to the inadequate monitoring and transmitting pipeline data to facilitate the detecting of abnormal operating conditions of the pipeline, PXP must operate and maintain the pipeline system in accordance with 195.402(c)(9).
2. In regard to Item Number 2 of the Notice pertaining to the unavailability of a leak detection for the pipeline system, PXP must have a means to detect leaks on its pipeline system in accordance with 195.452(i)(3).
3. PXP shall 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. Costs shall 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.