



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 15, 2008

Mr. Robert Pyle
Manager, Pipeline and Marine Logistics
Pacific Energy Resources LTD
111 West Ocean Blvd., Suite 1240
Long Beach, CA 90802

CPF 5-2008-5035W

Dear Mr. Pyle:

On August 25-27, 2008, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your procedures and records for pipeline facilities in Long Beach 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. §195.420 Valve maintenance

(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.

Based on the maintenance records reviewed, Pacific Energy Resources did not inspect its main line valves 520, 530, and 712 twice a year not exceeding 7½ months. These valves were inspected 1/23/2007, and again on 1/31/2008 and 8/7/2008. These valves were not inspected two times in 2007.

2. **§195.428 Overpressure safety devices and overfill protection systems**

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

Pacific Energy Resources has specified its pipeline MOP to be 1152 psi, however, the incoming thermal reliefs PSV 67 and PSV 68 were set to 1440 psi. Pacific Energy Resources need to adjust the relief setting so the operating pressure never exceeds 110% of MOP. The normal operating pressure of the system is 235-400 psi.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any 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 item identified in this letter. Failure to do so will result in Breitburn Energy Corp. 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 5-2008-5035W**. 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,



Chris Hoidal
Director, Western Region

Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 H. Monfared (#122435)