

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 8, 2009

Mr. Bob Marsalek
Environmental Advisor
Plains Exploration & Production Company
201 S. Broadway
Orcutt, CA 93455

CPF 5-2009-7001

Dear Mr. Marsalek:

On April 21-25, 2008 and May 5-9, 2008, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your procedures in Orcutt, California, related to integrity management, operation and maintenance of the hazardous liquid crude oil lines from the offshore platform Irene to the Lompoc Gas Plant (LOGP) and the offshore platform Hermosa to the Gaviota Oil & Gas Processing Facility for the Plains Exploration & Production (PXP) Company. The inspection team also completed a field inspection of the platform Irene and associated crude oil pipeline during this timeframe.

As a result of the inspection, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The item inspected and the probable violation is:

1. § 195.426 Scraper and sphere facilities.

No operator may use a launcher or receiver that is not equipped with a relief device capable of safely relieving pressure in the barrel before insertion or removal of scrapers or spheres. The operator must use a suitable device to indicate that pressure has been relieved in the barrel or must provide a means to prevent insertion or removal of scrapers or spheres if pressure has not been relieved in the barrel.

Upon inspection of the PXP receiver in the LOGP station, it was observed that the receiver has the potential to be opened under pressure due to lack of a vent valve (to atmosphere) on the barrel and therefore does not comply with 195.426. Consideration should also be given to installation of an equalization line and/or a valve immediately downstream of the mainline trap valve to depressure upstream of the barrel in the event the pig gets stuck in the neck pipe.

Proposed Compliance Order

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Plains Exploration and Production Inc. 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 5-2009-7001** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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 K. Davis (#121332)

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to 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 lack of adequate pressure relief on the trap, PXP must install a relief device capable of safely relieving pressure in the barrel. Consideration should also be given to installation of an equalization line and/or a valve immediately downstream of the mainline trap valve to depressure upstream of the barrel in the event the pig gets stuck in the neck pipe.
2. PXP must complete item #1 within 180 days after receipt of a Final Order.
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.