November 30, 2009

Mr. Brian Coffman
Manager of Pipeline
ConocoPhillips Pipe Line Company
600 North Dairy Ashford St., TA 2010
Houston, TX 77079-1100

CPF 5-2009-0030

Dear Mr. Coffman:

On August 18-19, 2009, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your written procedures contained within your Operations and Maintenance (O&M) Procedural Manuals for the California NG System. Our representative also reviewed records to ensure that the O&M procedures were properly implemented. These procedures and records review were conducted at your Santa Maria, California office.

As a result of the inspection, it appears that ConocoPhillips Pipe Line Company has committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The item inspected and the probable violation is:

1. §192.739 Pressure limiting and regulating stations: Inspection and testing.
   (a) Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not
ConocoPhillips is not keeping records of required annual inspections of relief devices on its NG 22 and NG 23 pipelines in accordance with §192.739. NG 22 is supplied by SoCal pipeline and NG 23 is supplied by PG&E pipeline and the existing relief devices on both pipelines are under the suppliers’ control. Since it is incumbent on ConocoPhillips to ensure that adequate over pressure relief exists on all points of their pipelines, ConocoPhillips must ensure that SoCal and PG&E inspect these pressure relief devices in accordance with §192.739(a). ConocoPhillips must retain copies of these pressure relief device inspections or have reasonable access to these records. Alternatively, ConocoPhillips may install an adequate pressure relief device of their own at the beginning of NG22 and NG23 pipelines. It should be noted that the inspection and maintenance of these pressure relief devices are OQ covered tasks and the SoCal and PG&E personnel performing these tasks on the devices on NG22 and NG23 will need to be OQ qualified in an OQ program acceptable to ConocoPhillips.

Proposed Compliance Order
Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to ConocoPhillips Pipe Line Company. 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 5-2009-0030 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 H. Monfared (#126312)
PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to ConocoPhillips Pipe Line Company 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 documentation of inspections of pressure relief devices on NG 22 and NG 23 pipelines, ConocoPhillips must either;

   (a) Ensure that the pressure relief devices are inspected by SoCal and PG&E in accordance with §192.739(a). ConocoPhillips must retain copies of the pressure relief device inspections or have reasonable access to these records. It should be noted that the inspection and maintenance of these pressure relief devices are OQ covered tasks and the SoCal and PG&E personnel performing these tasks on the devices on NG22 and NG23 will need to be OQ qualified in an OQ program acceptable to ConocoPhillips.

   (b) Install relief devices on the NG22 and NG23 that are capable of safely relieving pressure on these two pipelines, and inspect them at intervals not exceeding 15 months, but at least once each calendar year.

2. Within sixty (60) days of the receipt of the Final Order, ConocoPhillips must complete the remedial requirements of Item Number 1 and inform PHMSA of their action.

3. ConocoPhillips Pipe Line Company 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.