

JULY 27, 2012

Mr. James C. Flores
Chairman, President & Chief Executive Officer
Plains Exploration & Production Company
700 Milam, Suite 3100
Houston, TX 77002

Re: CPF No. 5-2011-0002

Dear Mr. Flores:

Enclosed please find the Final Order issued in the above-referenced case. It makes a finding of violation and finds that Plains Exploration & Production Company has completed the actions specified in the Notice to comply with the pipeline safety regulations. Therefore, this case is now closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Steven P. Rusch, Vice President, Environmental, Health & Safety and Government
Affairs – Plains Exploration & Production Company –
5640 S. Fairfax Ave., Los Angeles, CA 90056
Mr. Chris Hoidal, Director, Western Region, OPS
Mr. Alan Mayberry, Deputy Associate Administrator for Field Operations, OPS

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

In the Matter of)	
)	
Plains Exploration & Production Co.,)	CPF No. 5-2011-0002
)	
Respondent.)	

FINAL ORDER

On October 12, 2010, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the records of Plains Exploration & Production Company (Plains or Respondent) in Los Angeles, CA. Respondent's Stocker gas gathering system is composed of 3.6 miles of natural gas gathering and transmission lines located in a high consequence area.¹

As a result of the inspection, the Director, Western Region, OPS (Director), issued to Respondent, by letter dated January 13, 2011, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Plains violated 49 C.F.R. § 192.463 and proposed ordering Respondent to take certain measures to correct the alleged violation.

Plains responded to the Notice by letter dated February 7, 2011 (Response). The company did not contest the allegations of violation but provided information concerning its corrective action. Respondent did not request a hearing and therefore has waived its right to one.

FINDING OF VIOLATION

In its Response, Plains did not contest the allegation in the Notice that it violated 49 C.F.R. Part 192, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 192.463, which states:

§ 192.463 External corrosion control: Cathodic protection.

(a) Each cathodic protection system required by this subpart must

¹ Class 3, light population area. See 49 C.F.R. § 192.5.

provide a level of cathodic protection that complies with one or more of the applicable criteria contained in appendix D of this part. If none of these criteria is applicable, the cathodic protection system must provide a level of cathodic protection at least equal to that provided by compliance with one or more of these criteria.

(b) If amphoteric metals are included in a buried or submerged pipeline containing a metal of different anodic potential—

(1) The amphoteric metals must be electrically isolated from the remainder of the pipeline and cathodically protected; or

(2) The entire buried or submerged pipeline must be cathodically protected at a cathodic potential that meets the requirements of appendix D of this part for amphoteric metals.

(c) The amount of cathodic protection must be controlled so as not to damage the protective coating or the pipe.

The Notice alleged that Respondent violated 49 C.F.R. § 192.463 by failing to provide a level of cathodic protection that complies with one or more of the applicable criteria contained in appendix D or that is at least equal to one or more of the criteria outlined in § 192.463(b)-(c).² Specifically, the Notice alleged that the segment of pipeline from Plains' Packard drill site to its Inglewood processing plant had insufficient levels of cathodic protection according to the pipe-to-soil potential monitoring conducted by Farwest Corrosion Control Company³ in August 2010.

Respondent did not contest this allegation of violation.

Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.463 by failing to have a level of cathodic protection that complies with one or more of the applicable criteria contained in appendix D of Part 192.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 1 in the Notice for violation of 49 C.F.R. § 192.463. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. The Director indicates that Respondent has taken the following actions specified in the proposed compliance order:

1. With respect to the violation of § 192.463 (**Item 1**), Respondent has established a cathodic protection level that meets the criteria contained in Appendix D of Part 192.

² The criteria contained in Appendix D of Part 192 apply in this case.

³ Respondent also contracted with Farwest to perform the November 2010 depolarization survey that established compliance with § 192.463.

Accordingly, I find that compliance has been achieved with respect to this violation. Therefore, the compliance terms proposed in the Notice are not included in this Order.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued