

## NOTICE OF AMENDMENT

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 24, 2011

Mr. Steve Rusch  
Vice President  
Plains Exploration & Production Company  
5640 South Fairfax Avenue  
Los Angeles, CA 92256

**CPF 5-2011-7002M**

Dear Mr. Rusch:

On October 13-15, 2010, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, conducted an Integrity Management (IM) inspection contained in the Plains Exploration and Production (PXP) Integrity Management Program (IMP) at your offices in Los Angeles, California.

As a result of the inspection, it appears that you have committed probable violations, as noted below, of pipeline safety regulations, Title 49, Code of Federal Regulations, Part 195. The probable violations are as follows:

**1. §195.452 Pipeline integrity management in high consequence areas.**

**(f) What are the elements of an integrity management program?**

**An integrity management program begins with the initial framework. An operator must continually change the program to reflect operating experience, conclusions drawn from results of the integrity assessments, and other maintenance and surveillance data, and evaluation of consequences of a failure on the high**

**consequence area. An operator must include, at minimum, each of the following elements in its written integrity management program:**

**(1) A process for identifying which pipeline segments could affect a high consequence area;**

Plains Exploration & Production Company (PXP) has a 10,000 barrel breakout tank in its Gaviota Processing Plant which is located in a High Consequence Area (HCA). However, this breakout tank is not included in the IMP segment identification. PXP must include this breakout tank in its IMP and integrate all available information about the integrity of the tank and the consequence of its failure.

**2. §195.452 Pipeline integrity management in high consequence areas.**

**(e) What are the risk factors for establishing an assessment schedule (for both the baseline and continual integrity assessments)?**

**(1) An operator must establish an integrity assessment schedule that prioritizes pipeline segments for assessment (see paragraphs (d)(1) and (j)(3) of this section). An operator must base the assessment schedule on all risk factors that reflect the risk conditions on the pipeline segment. The factors an operator must consider include, but are not limited to:**

**(vi) Existing or projected activities in the area;**

Plains Exploration & Production Company (PXP) did not include the anchoring of boats over its offshore pipelines from Platforms Irene and Hermosa to shore as a risk factor in the IMP assessment. PXP must base the assessment schedule on all risk factors that reflect the risk conditions on its offshore pipeline segments and evaluate the likelihood of pipeline release occurring and how a release could affect the high consequence area.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. 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.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 60 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

In correspondence concerning this matter, please refer to **CPF 5-2011-7002M** 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

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*

cc: PHP-60 Compliance Registry  
PHP-500 H. Monfared (#131602)