

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 1, 2009

Mr. Bruce Johnston
Pacific Operators Offshore, LLC
1145 Eugenis Place, Suite 200
Carpinteria, CA 93013

CPF 5-2009-7003W

Dear Mr. Johnston:

On September 16 and 17, 2008, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your offshore liquid pipeline from platform Hogan to La Conchita Plant in Carpinteria, 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. §195.402 Procedural manual for operations, maintenance, and emergencies.

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(4) Determining which pipeline facilities are located in areas that would require an immediate response by the operator to prevent hazards to the public if the facilities failed or malfunctioned.

Pacific Operators Offshore did not determine which pipeline facilities, if any, for the inland portion of the pipeline that would require an immediate response if the facilities failed. No records were produced to demonstrate the determination of pipeline facilities where an immediate response to protect the public is pre-determined.

2. §195.402 Procedural manual for operations, maintenance, and emergencies.

(d) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(12) Establishing and maintaining liaison with fire, police, and other appropriate public officials to learn the responsibility and resources of each government organization that may respond to a hazardous liquid or pipeline emergency and acquaint the officials with the operator's ability in responding to a hazardous liquid or carbon dioxide pipeline emergency and means of communication.

Pacific Operators Offshore did not provide evidence that they were maintaining a liaison with local emergency personnel and appropriate public officials. No records were produced to demonstrate the liaison being maintained with appropriate public officials.

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 items identified in this letter. Failure to do so will result in Pacific Operators offshore 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 5-2009-7003W**. 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