

March 26, 1997

WARNING LETTER

Certified Mail-Return Receipt Requested

Mr. Michael L. Harvey, President
Gulfstar Energy, Incorporated
1010 Lamar Street, Suite 900
Houston, Texas 77002-0314

CPF No. 47202-W

Dear Mr. Harvey:

On February 27, 1996, a representative of the Southwest Region, Office of Pipeline Safety, pursuant to Chapter 601 of 49 United States Code conducted a pipeline safety inspection of Gulfstar Energy's offshore gas facilities and records in Houston, Texas.

As a result of the inspection it appears that you have committed a probable violation as noted below of pipeline safety regulations, Title 49, Code of Federal Regulations, Part 199.

The probable violation is

1. §199.7(a) requires that the written anti-drug plan contain the methods and procedures for compliance with all the requirements set out in 49 C.F.R. Part 199 and Part 40, including the employee assistance program, and procedures for notifying employees of the coverage and provisions of the plan. Also §199.7(a) requires that the name and address of each NIDA laboratory that analyzes the specimen collected for drug testing, and the name and address of the operator's medical review officer, must also be included in the anti-drug plan.

Gulfstar Energy did not initiate its written DOT anti-drug plan or issue it to the two covered employees until July 8, 1995. You had required and monitored the contract labor used to perform covered work on your pipelines to be under a DOT anti-drug plan.

Under 49 United States Code § 60122, you are subject to a civil penalty not to exceed \$25,000 for each violation for each day the violation persists up to a maximum of \$50,000 for any related series of violations.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to assess you a penalty. The required anti-drug plan has been in place since July 8, 1995. We advise you, however, that should you fail to respond to future regulatory deadlines, we will take enforcement action when and if the violation comes to our attention.

Sincerely,

James C. Thomas
Regional Director