

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 19, 1999

Mr. B.L. (Brian) Peterson
Senior Project Engineer
Express Pipeline
2220 Grant Road. Suite # 101
Billings, MT 59102

CPF No. 56509-W

Dear Mr. Peterson:

On October 9-11, 1996 a representative of the Western Region, Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code, conducted an onsite pipeline safety inspection of your construction operations on spread 4 and 5 near Greybull and Thermopolis, Wyoming.

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 195.

The probable violations is:

- 1. §195.244(a) states that except for offshore pipelines, electrical test leads used for corrosion control or electrolysis testing must be installed at intervals frequent enough to obtain electrical measurements indicating the adequacy of the cathodic protection.**

At the time of the inspection, it was determined that Express Pipeline contractors were not installing or planning to install a sufficient number of test stations to adequately monitor the adequacy of the cathodic protection system. It must be emphasized that if sufficient test stations are not installed or maintained on a pipeline, other means, e.g., an annual close-interval-survey, must be utilized to ensure that the cathodic protection is adequate.

page 2

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 violations persist up to a maximum of \$500,000 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 civil penalty. We advise you, however, that should you not correct the circumstances leading to the violations, we will take enforcement action when and if the continued violation comes to our attention.

You will not hear from us again with regard to the noted inspection and our subsequent action. Because of the good faith that you have exhibited up to this time, we expect that you will act to bring your pipeline construction operations (spreads 1 through 5) into compliance with pipeline safety regulations.

Sincerely,

Edward J. Ondak
Director