

January 7, 1997

WARNING LETTER

Certified Mail-Return Receipt Requested

Mr. Clint D. Smith P.E.  
Vice President Operations  
Hardy Oil and Gas USA, Inc.  
1600 Smith Street, Suite 1400  
Houston, Texas 77002-7346

**CPF No. 47201-W**

Dear Mr. Smith:

On February 20, 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 Hardy Oil and Gas USA, Incorporated 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 regulation, Title 49, Code of Federal Regulations, Parts 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 49 C.F.R. part 40, including the employee assistance program, and procedures for notifying employees of the coverage and provisions of the plan. Also § I 99.7(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.

Hardy Oil and Gas did not inibate their written DOT ant-drug plan or issue it to their employees until August 1, 1996.

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. We have noted that in August 1996 Hardy Oil and Gas USA, Inc. became Mariner Energy, Inc. And Hardy's anti-drug testing and alcohol misuse programs were adopted by Mariner at that time. Further it is noted Mariner ceased production of the South Timbalier 173 well soon after. The South Timbalier 173 pipeline is the only DOT segment operated by either Hardy or Mariner. Plans have been made to abandon the pipeline and in the meantime it is being operated and maintained in accordance with Federal Pipeline Safety Regulations.

Sincerely,

James C. Thomas  
Regional Director