

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 15, 1999

Mr. Dan Stecklein
Vice President of Operation
Koch Gateway Pipeline Company
P.O. Box 1478
Houston, Texas 77251-1478

Dear Mr. Stecklein:

CPF No.49101-W

Between May and October, 1998, a representative of the Southwest Region, Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code, conducted an onsite pipeline safety inspection of the facilities, operating and maintenance (O&M) procedures, manuals and pipeline records of Koch Gateway Pipeline Co (Koch). The inspection included the following divisions: Carthage Division II, Jackson Division, Lafayette Division II, West Lake Area Office, Spring Division III, Carthage Division I, Spring Division I, Spring Division II, Lafayette Division I, and Baton Rouge Area Office.

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, Part 192. The probable violations are:

- 1. §192.179 Transmission line valves (b) Each sectionalizing block valve on a transmission line, other than offshore segments, must comply with the following: (1) The valve and the operating device to open or close the valve must be readily accessible and protected from tampering and damage.**

It was noted in a field review of your Longview Area Office that on Index 11-2 at Main Line Block Valve 855 near HW 64, a wooden box was used to protect the valve from tampering and damage. The box door was broken and without a lock and the valve itself was unchained and unlocked. The wooden box door appeared to have been broken for a period of time. Additionally, you had not taken prompt remedial action to correct the problem until our inspector pointed it out.

2. §192.465(d) Each operator shall take prompt remedial action to correct any deficiencies indicated by the monitoring.

Records were reviewed in your Longview Area Office and Carthage Division I Office (Shreveport Area). The readings listed below indicate that you have had a problem maintaining adequate potentials on your pipelines for one to three years and you have not taken remedial action to correct some of these deficiencies until after our inspection in 1998.

Location (Longview Area)	Survey Yr. P/S (v)	Survey Yr. P/S (v)	Survey Yr. P/S (v)
	1995	1996	1997
FM 3251- West side VLV #C105E	-1.010	4/96 -0.676	5/97 -0.800 10/97 -0.890
TPL 1-3 Gladewater CG Tap-TU	-0.930	4/96 -0.726	5/97 -0.724 10/97 -0.921
Farm Tap Meter Removed	-1.015	4/96 -0.740	5/97 -0.709 10/97 -0.962
Farm Tap- TF No.52.050	-0.860	4/96 -0.422	5/97 -0.411 10/97 -0.822
Farm Tap- TF No.52.500	-0.920	4/96 -0.587	5/97 -0.521 10/97 -0.892
Blow Off	-0.905	4/96 -0.645	5/97 -0.447 10/97 -1.347
Farm Tap/Two Story House-TF	-1.085	4/96 -0.838	5/97 -0.555 10/97 -0.901
Old Tap W of Oil Road VZ1912	-1.085	3/96 -0.775	5/97 -0.824 10/97 -0.981
TPL 1-26 Edgewood MP 0.01, Entex End- TF	-0.850	4/96 -0.700	5/97 -0.700 10/97 -0.921

Location (Longview Area)	Survey Yr. P/S (v)	Survey Yr. P/S (v)	Survey Yr. P/S (v)
	1995	1996	1997
TPL 1- 27:Grand Saline #2 Tap End Loop-Tu	-1.785	3/96 -0.610	4/97 -0.816 8/97 -1.118
Mid at Pole	-1.250	6/96 -0.823	4/97 -0.627 10/97 -0.890
Seco Crane S Fence	2.375	5/96 -0.624	4/97 -0.577 10/97 1.285
Randol Mill Road	-1.025	6/96 -0.826	6/97 -0.825 9/97 -1.109
Tap on TPL 1 at MP 97.47-TU	-1.786	3/96 -0.721	3/97 -0.823 8/97 -1.103
Grand Saline C.G. Entex-TF	-1.150	3/96 -0.704	6/97 -0.841 10/97 -1.206
Cooks RD Farm Tap- 8" W-TF	-0.793	7/96 -0.715	6/97 -0.826 10/97 -1.130
Meadowbro ok Drive 8" W	-0.717	7/96 -0.785	6/97 -0.642 10/97 -1.160
MeadowBro ok Dr. 12" E	-0.545	7/96 -0.610	6/97 -0.616 10/97 -0.983
TPL-11 at MP 16.05	-0.985	7/96 -0.707	9/97 -0.510
TPL-11 at MP 22.24	-0.598	4/96 -0.625	5/97 -0.611
TPL-11 at MP34.82	-0.647	4/96 -0.625	6/97 -0.680

Location (Longview Area)	Survey Yr. P/S (v)	Survey Yr. P/S (v)	Survey Yr. P/S (v)
Location #	1995	1996	1997
TPL-11 at (TL @ Marker) MP37.00	-1.023	4/96 - 0.700	6/97 -0.675
TPL-11 at (Blow Off) MP55.00	-0.914	4/96 - 0.535	5/97 -0.914
TPL-430-1 (CR 1105) at MP 0.1	-1.271	7/96 -0.795	7/97 -0.651
TPL-430- 1(I-20 NS) at MP 0.36	-1.002	7/96 - 0.639	7/97 -0.654
TPL-430-1 (Entex EOL) at MP 1.47	-0.940	7/96 - 0.520	7/97 -0.542
TPL-430-1 (Farm Tap) at MP 0.81	-0.965	7/96 - 0.604	7/97 -0.601
TPL-430- 1(NS HW 80 at MP 3.11	-0.940	7/96 - 0.793	7/97 -0.791
TPL-430-1 (Extex EOL) at MP 3.34	-0.920	7/96 - 0.867	7/97 -0.821

Location (Carthage Div.I - Shreveport Area)	Survey Yr.P/S (v)	Survey Yr.P/S (v)	Survey Yr.P/S (v)
Location #:	1996	1997	1998
220.360	6/96 -0.670 10/96 -0.900	5/97 -0.500 10/97 -0.865*	6/98 -0.480

Location (Carthage Div.I - Shreveport Area)	Survey Yr.P/S (v)	Survey Yr.P/S (v)	Survey Yr.P/S (v)
Location #:	1996	1997	1998
220.420	6/96 -0.680 10/96 -0.900	5/97 -0.710 10/97 -0.875*	6/98 -0.710 9/98 -0.780**
220.670	3/96 -0.850 10/96 -0.901	5/97 -0.790 10/97 -0.886*	6/98 -0.610
220.880	3/96 -0.710 10/96 -0.900	5/97 -0.690 10/97 -0.900*	6/98 -0.910
221.060	3/96 -0.770 10/96 -0.900	5/97 -0.630 10/97 -0.900*	6/98 -0.630
221.080	3/96 -0.660 10/96 -0.870	5/97 -0.640 10/97 -0.890*	6/98 -0.550
221.800	3/96 -0.870	5/97 -0.650 10/97 -1.00	6/98 -0.770 9/98 -0.870**
224.560	3/96 -0.660	5/97 -0.650 11/97 -1.200*	6/98 -1.140
224.690	3/96 -0.490 10/96 -0.780	5/97 -0.430 11/97 -0.990***	6/98 -0.950

Location (Carthage Div.I - Shreveport Area)	Survey Yr.P/S (v)	Survey Yr.P/S (v)	Survey Yr.P/S (v)
Location #:	1996	1997	1998
226.440	3/96 -0.240	5/97 -0.510	6/98 -0.550
	10/96 -1.100	10/97 -1.135*	9/98 -0.508
237.080	3/96 -0.720	6/97 -0.720	6/98 -1.210

* Indicated on operator's records: Retaken after rain.

** The reading was taken during our field inspection in September, 1998.

*** Indicated on operator's records: Retaken after a new ground bed was installed.

- 3. §192.481 Atmospheric corrosion control: Monitoring. After meeting the requirements of §192.479 (a) and (b), each operator shall, at intervals not exceeding 3 years for onshore pipeline, reevaluate each pipeline that is exposed to the atmosphere and take remedial action whenever necessary to maintain protection against atmospheric corrosion.**

It was noted during the field review in your Goodrich Area Office and Longview Area Office that at stream crossings and elsewhere along the pipeline route that atmospheric corrosion has developed on the pipe where it leaves the ground, at the air to ground interface. Specifically, Longview Area Office: Farm Tap W. Side of HWY 110 in Index 11; Goodrich Area Office: MP 136.70, in Index TPL-59, MP 47.000, MP 67.900 in Index TPL-64, MP 32.700 in Index 11-3, etc. These pipelines showed signs of atmospheric corrosion or small holidays and demonstrated a lack of remedial measures for the prevention of atmospheric corrosion. It appeared that the pipelines have been exposed to the atmosphere for some time.

- 4. §192.703(a) No person may operate a segment of pipeline, unless it is maintained in accordance with this subpart.**

Koch's O&M Procedures state that it uses both driving and flying to inspect the pipeline right-of-way. At the time of the OPS inspections several locations in the maintenance areas listed below had trees, brush and grass overgrowing the right-of-way, preventing Koch personnel from effectively observing surface conditions during the patrols:

a) Kenner Area: Highway 90 across from the fence surrounding the Moncinto Plant,

b) Houma Area: MP 13.40 at Lake Long St. Rose, MP 1.50 on the Houma Field line, and MP 0.20 on the 2 inch Zapata line,

c) Longview Area: MP 25.50 across from the Arp, Texas city gate, and MP 9.66 at farm tap CR195D-TF,

d) Goodrich Area: MP 38.08 and MP 38.43 on Index 64, and The Bisteneau storage field.

At Highway 90/Montcinto Plant fence the pipeline could not be immediately located ; the pipeline marker was either completely covered with vegetation or there was no marker at the location. Koch has failed to maintain its pipeline facilities so that: a) pipeline patrols can observe all of the right-of-way (§192.705) and b) the location of the pipeline can be identified (§192.707(a)(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 violation persists up to a maximum of \$500,000 for any related series of violations. We have reviewed the circumstances and supporting documentation 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 violation, we will take enforcement action when and if the continued violation comes to our attention. Please refer to CPF No. 49101-W in any correspondence/communication on this matter.

Sincerely,

R. M. Seeley, Director
Southwest Region

cc: Railroad Commission of Texas