LETTER OF CONCERN

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 1, 1999

Mr. Michael P. Crisman
Vice President, Operations
KN Energy, Inc.
370 Van Gordon
Box 281304
Lakewood, CO 80228-8304

Dear Mr. Crisman: **CPF No. 49102C**

Between May and September 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 Natural Gas Pipeline Company (NGPL) pipeline facilities and records for the Gulf Coast, Louisiana, Amarillo-Gulf, Oklahoma Extension, Mountain View-Minneola, Permian Basin and Amarillo systems in Texas and Oklahoma.

During the inspection OPS found several items causing concern about the safe operation and maintenance of your pipeline facilities. These concerns are listed below for each specific operating area.

New Caney

The field inspection of several mainline block valves indicated the following deficiencies:

1. Block valve 2432 would not open manually.
2. Block valve 435 could not be opened manually and was opened using gas. Gas was leaking from the bypass valve north of valve 435.
3. Difficulty was encountered opening block valve 436 manually - a pin was sheared and had to be replaced in order to open the valve. The valve also required painting.
4. The north bypass valve at block valve 1435 was leaking.
5. Vegetation has overgrown block valve enclosures L-100, L1-W, and L-1.

Main line block valves should be operable in both automatic and manual modes and enclosures should be clear of excessive overgrowth that could hinder the activities of personnel while

performing maintenance functions.

Lufkin

During the field inspection the following cathodic protection test points readings were noted as less negative than the required -850 mv.

Location	Line # 1 Reading (-mv)	Line #2 Reading (-mv)	Line #3 Reading (-mv)
Highway 352 17873+19	690	648	631
Highway 1818 18433+55	763	731	794
Angelina & Neches RR 19154+00	808	805	770

Voltage/amperage readings on rectifier 5346 (18283+76) indicate that this rectifier performance has deteriorated since November 1997. Historic voltage/amperage readings have been 16 volts/45 amps, but since November 1997 the voltage has increased to 30 volts and amperage has dropped to 22 amps. Readings taken during the field inspection were 29.72 volts/21.6 amps. The deteriorating performance of this rectifier may explain the low potentials at Highway 1818. In addition, rectifier 5363 (19156+39) was down during the field inspection and may be the cause of low potentials at Angelina & Neches RR. Remedial actions need to be taken to ensure proper rectifier operation and adequate cathodic protection levels are maintained.

Mooreland

Inspection records for mainline block valve MM-9 indicated that the maximum allowable inspection interval of 15 months was exceeded by 1 month, 25 days (1/15/97 to 6/10/98).

Sayre

No documentation was available to verify that a continuing education program for the public was carried out in 1997 or 1998. A continuing education program is necessary so that the general public in the vicinity of your pipeline can recognize gas pipeline emergencies and notify the operator or other agencies.

No follow-up was noted on aerial patrol 12-19-97 where pipeline construction was noted crossing the Erick Lateral.

1996 block valve maintenance records for station block valves were not available.

Documentation as to the specific maintenance operations performed on mainline block valves is

necessary. Current records do not indicate whether valves are exercised.

Verification of compressor fail-safe device inspections (to be performed once per year, not to exceed 15 month intervals) should include a list of the specific parameter set points.

When performing annual check of ESD system, documentation should include which device is used to initiate ESD system.

It is suggested that the station mainline block valves and suction/discharge sidegate valves 154-1,2,3 and 2154-1,2,3 be specifically identified in the station line break annual check.

During the field inspection, atmospheric corrosion was present at the soil/air interface on the risers of valve 149-D on the Quintano Lateral.

Balko

A review of the follow-up report F 7100.2 filed 12/10/96 for the Amarillo #2 failure of 11/11/96 (NRC #367732) indicated the cause of the line failure was external galvanic corrosion. No additional explanation was given to the cause of the failure, when in fact the external corrosion had been accelerated by the improper installation of a rectifier in 1994. As a result of this failure, NGPL instituted additional procedures to prevent such an incident from occurring again. Additional information should be added to the follow-up report when such information would be helpful in enabling OPS to alert other operators to potential safety issues.

You will not hear from us again with regard to these concerns. Because of the good faith that you have exhibited up to this time, we expect that you will act to ensure that the problem discussed in this letter will be addressed. Please refer to CPF No. 49102C in any correspondence/ communication on this matter.

Sincerely,

R. M. Seeley
Regional Director, Southwest Region