

WARNING LETTER

CERTIFIED - RETURN RECEIPT REQUESTED

August 24, 2000

Mr. Randy Bailey
Vice President of Operations
Torch Operating Company
1221 Lamar, Suite #1600
Houston, TX 77010

CPF No. 5-2000-2003W

Dear Mr. Bailey:

On July 11-13, 2000, a representative of the Western Region, Office of Pipeline Safety, pursuant to Chapter 601 of 49 United States Code, conducted an onsite pipeline safety inspection of Torch Operating Company's (TOC) offshore and onshore facilities located within the state of California.

As a result of the inspection, it appears that you have committed probable violations as noted below of pipeline safety regulations Title 49, Code of Federal Regulations, Part 192.

The probable violations are:

1. § 192.605 Procedural manual for operations, maintenance, and emergencies.

(c) Abnormal operation. For transmission lines, the manual required by paragraph (a) of this section must include procedures for the following to provide safety when operating design limits have been exceeded:

- (1) Responding to, investigating, and correcting the cause of:**
- (i) Unintended closure of valves or shutdowns;**
 - (ii) Increase or decrease in pressure or flow rate outside normal operating limits;**
 - (iii) Loss of communications;**
 - (iv) Operation of any safety device; and**

- (v) Any other foreseeable malfunction of a component, deviation from normal operation, or personnel error, which may result in a hazard to persons or property.**
- (2) Checking variations from normal operation after abnormal operation has ended at sufficient critical locations in the system to determine continued integrity and safe operation.**
- (3) Notifying responsible operator personnel when notice of an abnormal operation is received.**
- (4) Periodically reviewing the response of operator personnel to determine the effectiveness of the procedures controlling abnormal operation and taking corrective action where deficiencies are found.**
- (5) The requirements of this paragraph (c) do not apply to natural gas distribution operators that are operating transmission lines in connection with their distribution system.**

During the records review, TOC could not produce adequate documentation on abnormal operations for Platform Esther and Eva. TOC must review your current standard inspection record keeping system to ensure that any operation that deviates from the normal mode of operations is documented by the Operations Controller and by the field personnel involved. This information must include the best and most accurate information available and contain a description of: operations prior to the event, the abnormal event, corrective and final action taken. This information is invaluable to prevent the same situation from occurring again and to assist personnel in rectifying this event. Also, the record must include the personnel responding to, investigating, and correcting the cause of the abnormal operations.

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 violations come to our attention.

You will not hear from us again with regard to the noted violations. Because of the good faith that you have exhibited up to this time, we expect that you will bring your operations into compliance with pipeline safety regulations.

Sincerely,

Chris Hoidal
Director

