WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 8 1997

Gilmer Abel Senior Vice President, Operations East Tennessee Natural Gas Company 1001 Louisiana Street Post Office Box 2511 Houston, Texas 77252-2511

CPF No. 27106-W

Dear Mr. Abel:

From 14 to 18 April, 21 to 24 April, and 28 April to 1 May 1997, Mr. Mike Schwarzkopf, a representative of the Southern Region, Office of Pipeline Safety, pursuant to Chapter 601 of 49 United States Code, conducted an onsite pipeline safety inspection of your pipeline facilities in the state of Tennessee and records at Ooltewah, Kingsport, and Monterey, Tennessee.

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 items inspected and the probable violations are:

 § 192.16 (c) requires each operator to notify their customers not later than 14 August, 1996 of the maintenance responsibilities and potential hazards listed in § 192.16 (b).

East Tennessee Natural Gas has not notified their direct sale industrial customers of the customers's maintenance responsibilities and the potential hazards listed in § 192.16 (b).

2. § 192.163 (d) require that "Each gate located within 200 feet of any compressor plant building must open outward and, when occupied, must be openable from the inside without a key."

During the inspection of the Lobelville Compressor Station the personnel gate behind the compressor building was locked and not openable without a key, the gate was within 200 feet of the compressor building.

§ 192.167(a)(4) requires that the Emergency Shutdown System (ESD) must be operable from at least two locations, each of which is: outside the gas area of the station; near the exit gates, if the station is fenced, or near emergency exits, if not fenced; and not more than 500 feet from the limits of the station.

At the Maryville, Wartburg, Dixon Springs, and Monterey Compressor Stations, each station was fenced and had two (2) ESD locations outside of the gas area, but the ESD locations were not near the exit gates.

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 persists 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 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 (and/or your operations) into compliance with pipeline safety regulations.

Sincerely,

Frederick A. Joyner Director, Southern Region Office of Pipeline Safety

cc: Compliance Officer, OPS Headquarters

MIKE/sd/DPS-25/5/7/97

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cc: DPS-20.1, Regions, Mike