LETTER OF CONCERN

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 17, 1998

Mr. Walter Ferguson Vice President, Pipeline Operations NorAm Gas Transmission Post Office Box 21734 Shreveport, Louisiana 71151

CPF No: 28108C

Dear Mr. Ferguson:

On 10 to 14 May 1998 a representative of the Southern Region, Office of Pipeline Safety (OPS) reviewed your records for the Western Region in Fort Smith, Arkansas and visited your pipeline facilities in Arkansas, Oklahoma, and Missouri. The review disclosed some areas that are cause for concern. We hope you find these areas worthy of your attention.

Please consider the following:

1. Right of Way Patrolling and Clearance

NorAm Gas Transmission's (NGT) right of way (ROW) clearance program has not insured that the ROW can be clearly viewed by an observer from a patrol aircraft, which NGT now uses. On line BT-14 east of Carbon City Road the ROW canopy has overgrown the ROW to the extent that surface conditions could not be observed from the air.

2. Atmospheric Corrosion

Atmospheric corrosion [surface rust] was found at two (2) locations on NGT's pipeline facilities. Specific locations are: a) line OT-18 tie-in with lines O and O-1-O, and b) North Cecil Compressor Station.

3. Relief Valve Setting

South East Spiro Compressor station feeds line OT-18 (1,000 psi MAOP) which feeds lines O and O-1-O (900 psi MAOP). The

High Discharge shutdown for the station is set at 800 psi but the compressor station relief valves are set at 1,000 psi.

We hope you will consider these areas of concern and take action to maintain and further improve your present level of safety. If we can answer any question or be of any help, please call us at (404) 562-3530.

Please refer to CPF 28108C in any correspondence or communication on this matter.

Sincerely,

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

cc: Compliance Officer, OPS Headquarters