WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 19, 1999

Mr. Richard O. Baish Vice President, Operations El Paso Natural Gas Company P.O. Box 1492 El Paso, Texas 79978

Dear Mr. Baish: CPF No. 48103W

During the months of August and September 1997, representatives of the Arizona Corporation Commission (ACC) made an inspection of your pipeline facilities in the state of Arizona. They acted as representatives of the Southwest Region, Office of Pipeline Safety, pursuant to Chapter 601 of 49 United States Code.

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. §192.13(c) Each operator shall maintain, modify as appropriate, and follow the plans, procedures, and programs that it is required to establish under this part.

El Paso Natural Gas Company (El Paso) failed to follow written procedures for security of valves. Procedures state that each transmission line valve be fenced in or locked if near a public road or area to prevent tampering. Three valves on the 1203 line in the Phoenix area and one valve on the 2026 line in Coolidge were neither locked, nor fenced.

2. §192.619 Each operator shall establish a maximum allowable operating pressure (MAOP) on each section of their pipeline. MAOP shall be established by design, test, or by the highest operating pressure to which the segment was subjected during the five years prior to July 1, 1970.

At the time of the inspection, El Paso did not have documentation establishing MAOP for five regulator stations. The regulator stations are: Sam Joy station in Bullhead City; Safford No. 2, Safford; Saunders tap in Yuma; Arizona Western in Yuma; and Max Click in Tucson.

3. §192.739 Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and test to determine that it is (a) in good mechanical condition; and (c) set to function at the correct pressure.

El Paso has failed to perform an inspection of the regulator at the Max Click station to determine that it is in good mechanical condition and set to function at the correct pressure.

4. §192.751 Each operator shall take steps to minimize the danger of accidental ignition of gas in any structure or area where the presence of gas constitutes a hazard of fire or explosion (a) when a hazardous amount of gas is being vented into open air, each potential source of ignition must be removed from the area and a fire extinguisher must be provided.

El Paso has four relief valves at the Hayden Power Plant in Hayden, Arizona, where the relief vents are installed underneath high voltage power lines. Power lines are a potential source of ignition if gas is released due to over pressurization or when gas is released during normal testing of relief valves.

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. 48103W in any correspondence/communication on this matter.

Sincerely,

R. M. Seeley Regional Director, Southwest Region

cc: Arizona Corporation Commission