

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 12 , 1999

Mr. Michael Burke, President
EOTT Energy Pipeline Company, L.P.
P.O. Box 4666
Houston, Texas 77210-4666

Dear Mr. Burke:

CPF No. 49506W

Between July 27 and July 30, 1999 an engineer 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 the crude oil pipeline facilities and records of your Ark-La-Tex District between Haynesville, Louisiana and White Oak, Texas.

As a result of this inspection it appears that you have committed a probable violation, of pipeline safety regulations Title 49, Code of Federal Regulations, Part 195.

§195.420, Valve maintenance, requires each pipeline operator to inspect each mainline valve to determine that it is functioning properly at intervals not exceeding 7 1/2 months, but at least twice each calendar year.

Records maintained at the Bossier City, Louisiana office show that the mainline valves between Lorex Station, Louisiana and the Louisiana - Texas state line were inspected on January 21, 1998 and again on October 16, 1998, an interval of about 8 3/4 months. The interval between these two inspections exceeds the regulatory limit by 1 1/4 months.

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,

R.M. Seeley, Director
Southwest Region