

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 9, 2013

Mr. John Connor
Senior V.P. Operations & Engineering
American Midstream, LLC
1614 15th Street, Suite 300
Denver, CO 80202

CPF 4-2013-1015M

Dear Mr. Connor:

From September 24 to December 21, 2012, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected American Midstream LLC's (American Midstream), procedures, records and pipeline facilities in the states of Louisiana, and Mississippi.

On the basis of the inspection, PHMSA has identified the apparent inadequacy found within American Midstream's plan or procedure, as described below:

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

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

§191.5 (a) Immediate notice of certain incidents.

At the earliest practicable moment following discovery, each operator shall give notice in accordance with paragraph (b) of this section of each incident as defined in §191.3.

American Midstream's O&M procedure did not require reporting incidents to the National Response Center to be reported at the earliest practicable moment following discovery. The procedures must be amended to state an incident will be reported at the earliest practicable moment (1 to 2 hours). American Midstream also needs to reference their Emergency Response Plan, Section 8-Notifications in their O&M Manual.

2. §192.605 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

§191.23 Reporting safety-related conditions.

(a) Except as provided in paragraph (b) of this section, each operator shall report in accordance with §191.25 the existence of any of the following safety-related conditions involving facilities in service:

(8) Any safety-related condition that could lead to an imminent hazard and causes (either directly or indirectly by remedial action of the operator), for purposes other than abandonment, a 20 percent or more reduction in operating pressure or shutdown of operation of a pipeline or an LNG Facility that contains or processes gas or LNG.

American Midstream's procedures does not state that pressure reductions resulting from Integrity Assessments (e.g.; ILI, ECDA) are included in the determination and reporting of safety related conditions. Also when a safety related condition falls within an HCA, American Midstream's procedure did not address or reference procedures addressing the IMP requirements for making repairs including the provision that when a reduction in operating pressure exceeds 365 days, the operator must notify PHMSA and explain the reasons for the remediation delay. Procedures must be modified to require the submission of applicable Safety Related Conditions Reports (SRCR) where a pressure reduction has been taken for remediation of a condition identified from an integrity assessment performed as part of the integrity management program.

3. §192.605 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

§192.605 (b) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(6) Maintaining compressor stations, including provisions for isolating units or sections of pipe and for purging before returning to service.

(7) Starting, operating and shutting down gas compressor units.

American Midstream's procedure for compressor operations, Section 11-Compressors, only states to follow manufacturer's recommendations for starting, operating, and shutting-down compressors. The procedure needs to reference Recommended Operation Procedures to assure personnel follow steps for maintaining safe operation of compressors/compressor stations.

4. §192.605 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

§192.605 (b) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(11) Responding promptly to a report of a gas odor inside or near a building, unless the operator's emergency procedures under §192.615(a)(3) specifically apply to these reports.

American Midstream's procedure does not reference their Emergency Response Plan (ERP), Section 7- Natural Gas Release. The operator's ERP is vague and lacks details on responding to

gas odor inside or near a building. ERP Section 7 also needs to reference Section 3 Evacuation of their ERP.

5. §192.605 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

§192.605 (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;

American Midstream's procedure, Section 13.4-Unintended Shutdown, does not have steps detailing what corrective action to take when an unintended shutdown occurs and recommendations for preventing an abnormal operation condition to occur again.

6. §192.605 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

§192.707 Line markers for mains and transmission lines.

(d) Marker warning. The following must be written legibly on a background of sharply contrasting color on each line marker:

(2) The name of the operator and telephone number (including area code) where the operator can be reached at all times.

American Midstream's procedure, Section 19.4 Pipeline Markers, does not require their line markers to be labeled with the name of the operator and the telephone number where the operator can be reached at all times. American Midstream needs to modify their procedure.

7. §192.227 Qualification of welders.

(a) Except as provided in paragraph (b) of this section, each welder must be qualified in accordance with section 6 of API 1104 (incorporated by reference, see § 192.7) or section IX of the ASME Boiler and Pressure Vessel Code (incorporated by reference, see § 192.7). However, a welder qualified under an earlier edition than listed in § 192.7 of this part may weld but may not requalify under that earlier edition.

American Midstream's procedure, Section 17.4 Welder Qualifications, does not require their welders to be qualified in accordance with Section IX of the ASME Boiler and Pressure Vessel Code. American Midstream must amend their procedure to include qualification by Section IX of ASME Boiler and Pressure Code, since American Midstream references Section IX of ASME Boiler and Pressure Code in their Welding Manual.

8. §192.229 Limitations on welders.

(c) A welder qualified under §192.227(a) –

(2) May not weld on pipe to be operated at a pressure that produces a hoop stress of less than 20 percent of SMYS unless the welder is tested in accordance with paragraph (c)(1) of this section or requalifies under paragraph (d)(1) or (d) (2) of this section.

American Midstream's procedure, Section 17.5-Welder Limitation, does not prohibit a welder qualified under 192.227(a) from welding on pipe operated at a pressure that produces a hoop stress of less than 20 percent of SMYS, unless the welder is tested in accordance with 192.227(c)(1) or re-qualifies under paragraph §192.227(d)(1) or §192.227(d)(2).

9. §192.245 Repair or removal of defects.

(c) Repair of a crack, or of any defect in a previously repaired area must be in accordance with written weld repair procedures that have been qualified under §192.225. Repair procedures must provide that the minimum mechanical properties specified for the welding procedure used to make the original weld are met upon completion of the final weld repair.

American Midstream's procedure does not requires that after the final weld repair is completed,

the repair must meet minimum mechanical properties specified for the welding procedure used to make the original weld and be specified per its repair procedure.

10. §192.605 Procedural manual for operations, maintenance, and emergencies.

(b) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(2) Controlling corrosion in accordance with the operations and maintenance requirements of Subpart I of this part.

§192.465 External corrosion control: Monitoring.

(a) Each pipeline that is under cathodic protection must be tested at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of §192.463. However, if tests at those intervals are impractical for separately protected short sections of mains or transmission line, not in excess of 100 feet (30 meters), or separately protected service line, these pipelines may be surveyed on a sampling basis. At least 10 percent of these protected structures, distributed over the entire system must be surveyed each calendar year, with a different 10 percent checked each subsequent year, so that the entire system is tested in each 10-year period.

American Midstream's procedure does not address testing intervals on protected short sections of mains or transmission lines, not in excess of 100 feet (30 meters), when the annual testing is impractical. American Midstream must amend their procedure to ensure their entire system is tested in each 10-year period

11. §192.605 Procedural manual for operations, maintenance, and emergencies.

(b) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(2) Controlling corrosion in accordance with the operations and maintenance requirements of Subpart I of this part.

§192.473 External corrosion control: Interference currents.

(a) Each operator whose pipeline system is subjected to stray currents shall have in effect a continuing program to minimize the detrimental effects of such currents.

(b) Each impressed current type cathodic protection system or galvanic anode system must be designed and installed so as to minimize any adverse effects on

existing adjacent underground metallic structures.

American Midstream's procedure 9.7-Interference Currents, does not give sufficient guidance on how they will minimized effects of stray currents. The procedure is vague and does not provide adequate guidance for employees. Their procedure only repeats regulation 192.473(b). American Midstream's procedure must be revised to provide better guidance to personnel on addressing interference currents, and to show how they will minimize any detrimental effects of stray currents.

12. §192.605 Procedural manual for operations, maintenance, and emergencies.

(b) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(2) Controlling corrosion in accordance with the operations and maintenance requirements of Subpart I of this part.

§192.477 Internal corrosion control: Monitoring

If corrosive gas is being transported, coupons or other suitable means must be used to determine the effectiveness of the steps taken to minimize internal corrosion. Each coupon or other means of monitoring internal corrosion must be checked two times each calendar year, but with interval not exceeding 7 1/2 months.

American Midstream's procedure, 9.1-Internal Corrosion, is inadequate. Their procedure only paraphrases regulation §192.477. American Midstream's procedure must be revised to adequately detail the effectiveness of steps taken to minimize internal corrosion, not just paraphrase the regulation.

13. §192.615 Emergency Plans.

Each operator shall include the following in its operating and maintenance plan:

(a) Each operator shall establish written procedures to minimize the hazard resulting from a gas pipeline emergency. At a minimum, the procedures must provide for the following:

(3) Prompt and effective response to a notice of each type of emergency, including the following:

(i) Gas detected inside or near a building.

American Midstream's emergency response plan, Section 7-Gas Detected in a Building, is vague and inadequate to respond to gas detected in a building. American Midstream needs to amend its response plan with more details to ensure safety and appropriate action. This issue is same as Violation number 4.

14. §192.615 Emergency Plans.

Each operator shall include the following in its operating and maintenance plan:

(a) Each operator shall establish written procedures to minimize the hazard resulting from a gas pipeline emergency. At a minimum, the procedures must provide for the following:

(6) Emergency shutdown and pressure reduction in any section of the operator's pipeline system necessary to minimize hazards to life or property.

American Midstream's Emergency Response Plan (ERP) does not include procedures for the emergency shutdown or pressure reduction in any section of pipeline system necessary to minimize hazards to life or property. American Midstream's ERP sect 11 does state if safe to do so, employee may shut down valves, facility or similar actions, but does not reference the emergency shutdown procedures for facilities and pressure reduction procedures. American Midstream's ERP must be revised to include procedures to shutdown or reduce pressures on their pipeline system to minimize hazards.

15. §192.615 Emergency Plans.

Each operator shall include the following in its operating and maintenance plan:

(b) Each operator shall:

(3) Review employee activities to determine whether the procedures were effectively followed in each emergency.

American Midstream's emergency response plan, Section 2.2- Post Incident Procedures, does not include procedures for reviewing employee's emergency activities to determine if procedures are effective. American Midstream's procedure must be revised to include detailed steps for reviewing employee activities to determine whether the procedures were effectively followed in each emergency

16. §192.605 Procedural manual for operations, maintenance, and emergencies.

Each operator shall include the following in its operating and maintenance plan:

(b) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(12) Implementing the applicable control room management procedures required by § 192.631.

American Midstream's Operations and Maintenance Manual does not have Written Alarm Management Plan, as required by 192.631(e). Operator stated testing of alarms were done by August 31, 2012 and also stated procedure has been revised to meet 192.631(e) but has not been added to the O&M manual at time of inspection. American Midstream needs to have a procedure addressing §192.631(e) included in their O&M manual.

17. §192.491 Corrosion control records.

Each operator shall include the following in its operating and maintenance plan:

(c) Each operator shall maintain a record of each test, survey, or inspection required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist. These records must be retained for at least 5 years, except that records related to §192.465(a) and (e) and §192.475(b) must be retained for as long as the pipeline remains in service.

American Midstream's Bell Hole Inspection Form (Form 20.15) and Exposed Pipe Report (Form 20.16) are not fully filled out. American Midstream personnel need to fully, and accurately fill out the reports to ensure exposed pipe is getting examined for corrosion.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that American Midstream, LLC maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Southwest Region, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 4-2013-1015M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*