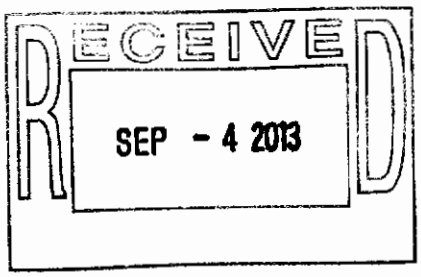
American Midstream

August 22, 2013



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

Reference: CPF 4-2013-1015M
Dated: August 9, 2013

Dear Mr. Seely,

We have received your letter dated August 9, 2013 following an inspection on September 24 to December 21, 2012.

Your letter listed probable inadequacies found within American Midstream's plan or procedures. The following is a list of the identified probable inadequacies and American Midstream's response. American Midstream will include these changes in the November 1, 2013 Updates, if acceptable.

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.

American Midstream Response: American Midstream will add "earliest practicable moment following discovery" to the Emergency Response Plan Section 8.14. (see next page)

8.14 Federal Notifications

	FEDERAL PIPELINE SAFETY REPORT **NATIONAL RESPONSE CENTER**
24 Hour Phone	**(800) 424-8802**

The NRC is the **sole** federal point of contact for reporting oil and chemical spills which enter or threaten to enter the navigable waters of the United States and for pipeline related incidents / accidents as defined by the Department of Transportation / Office of Pipeline Safety (see below for the definition of a gas pipeline incident / liquid pipeline accident). If you have a spill or a pipeline incident / accident to report, contact the NRC **at the earliest practicable moment (within 2 hours)** via the toll-free number or visit the NRC Web 5ite (http://www.nrc.uscg.mil) for additional information on reporting requirements and procedures. For those without 800 access, please contact the NRC at 202-267-2675.

GAS PIPELINES: Incident means any of the following events: (1) An event that involves a release of gas from a pipeline or of liquefied natural gas or gas from an LNG facility and (i) A death, or personal injury necessitating in-patient hospitalization; or (ii) Estimated property damage, including cost of gas lost, of the operator or others, or both, of $50,000 or more. (2) An event that results in an emergency shutdown of an LNG facility. (3) An event that is significant, in the judgment of the operator, even though it did not meet the criteria of paragraphs 1 or 2.

LIQUID PIPELINES Accident means any of the following events: (1) Explosion or fire not intentionally set by the operator; (2) Release of 5 gallons or more of hazardous liquid or carbon dioxide, except that no report is required for a release of less than 5 barrels resulting from a pipeline maintenance activity if the release is; (a) Not otherwise reportable under this definition (b) Resulted in pollution of any stream, river, lake, reservoir, or other similar body of water that violated applicable water quality standards, caused a discoloration of the surface of the water or adjoining shoreline, or deposited a sludge or emulsion beneath the surface of the water or upon adjoining shorelines (c) Confined to company property or pipeline right-of-way; and (d) Cleaned up promptly. (3) Death of any person (4) Estimated property damage, including cost of clean-up and recovery value of lost product, and damage to the property of the operator or others, or both, exceeding $50,000.; or (5) In the judgment of the operator was significant even though it did not meet the criteria above.

Telephonic Reporting Must Include the Following Information:

1	Name and address of the operator.
2	Name and telephone number of the reporter.
3	The location of the failure.
4	The time of the failure.
5	The fatalities and personal injuries (if any).
6	All other significant facts known by the operator that are relevant to the cause of the failure or extent of the damages.

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 procedure 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.

American Midstream Response: American Midstream will modify its procedure to require the submission of applicable Safety Related Conditions Reports.

14.4 INTEGRITY ASSESSMENT

American Midstream will submit a Safety Related Conditions Report (SRCR) where a pressure reduction has been taken for remediation of an anomalous condition identified from an integrity assessment performed as part of the integrity management program. Remediation will be performed as described in **SECTION 5** of the American Midstream Integrity Management Program.

Additional Information	Section 5 – 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 II-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.

American Midstream Response: American Midstream will add a reference to the Recommended Operating Procedures Manual in Section 11 of the Operations and Maintenance Manual. (example below)

11.1 COMPRESSOR OPERATIONS (192.605 (b)(7))

Starting, operating, and shut-down of gas compressor units will be conducted in accordance with manufacturer recommendations. These procedures are located at the nearest field office and should be utilized as a checklist during operation.

Additional Information	American Midstream Recommended Operating Procedures Manual

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.

American Midstream Response: American Midstream will revise Section 7 to include more detail regarding responding to Gas Odor and included a reference to Section 3 of the Emergency Response Plan. (see below)

Note: American Midstream is not a distribution company.

GAS DETECTED IN A BUILDING

❑	Leave the premises immediately, opening doors and extinguishing any open flames, if possible. (proceed upwind from source). (Refer to **SECTION 3**)
❑	Assess the situation.
❑	Eliminate sources of ignition.
❑	Operate valves to stop flow of gas (if safe to do so). (Refer to Operations and Maintenance Manual **SECTION 10**).
❑	Notify police and fire departments if necessary. (Refer to **SECTION 8**).
❑	The physical act of evacuating the public is undertaken usually by local emergency response agencies.
❑	Notify the distribution company.
❑	Notify American Midstream Gas Control - 800-323-6241
❑	Notify American Midstream chain of command. (Refer to **SECTION 8**).

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.

American Midstream Response: American Midstream will add steps detailing what corrective action to take when an unintended shutdown occurs in the Operations and Maintenance Manual Section 13.1.

13.4 UNINTENDED SHUTDOWN (192.605(c)(1)(i))

Any unintended system shutdown is considered an abnormal operating condition. Unintended shutdowns may result from operator error, a system failure, or vandalism.	
OPERATOR ERROR OR VANDALISM	
1	Take corrective action and restart the system.
2	Follow all applicable reporting, recording, and monitoring procedures.
SYSTEM FAILURE	
If the cause of the unintended shutdown is not found, use the appropriate personnel during startup to:	
1	Ensure safe operation of the system.
2	Provide any necessary corrective action.
Corrective Action May Include:	
➢	Attempting to return the valve to the correct position.
➢	Bypassing the valve.
➢	Employing pressure relief measures, as appropriate.
➢	Beginning shutdown procedures.
Every abnormal condition shall be investigated immediately to determine the cause. The investigation should include:	
Re-calibrating instrumentation associated with control valves, block valves, or safety relief valves.	
Checking for equipment failures.	
Reviewing capacity requirements and comparing with capacity calculations for existing control valves and/or relief valves, and;	
Checking for the possibility of vandalism.	

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.

American Midstream Response: American Midstream will modify their procedure to include line markers to be labeled with the name of the operator and the telephone number where the operator can be reached at all times in the Emergency Response Plan Section 19.4.

19.4 PIPELINE MARKERS (192.707)

Line markers must be placed and maintained as close as practical over each buried pipeline at:

1	Public Roads.
2	Railroad Crossings.
3	Wherever necessary to reduce damage / interference.
4	Identify location of transmission line.

"Warning", "Caution" or "Danger" , American Midstream with 24 hour emergency number, followed by the words "Gas (or name of gas transported) Pipeline" must be written on a background of sharply contrasting color on each line marker. Letters must be at least 1" high with ¼" stroke. The line maker must include the name of the operator and telephone number (including area code) where the operator can be reached at all times.

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.

American Midstream Response: American Midstream will amend their procedure to include qualification by Section IX of ASME Boiler and Pressure Code.

17.4 WELDER QUALIFICATIONS (192.225, .227)

All welding must be performed by welders who have successfully qualified in accordance with the requirements of the 20th edition or latest version of Section 6 of API 1104. Welders may be qualified under Appendix C of 49 CFR 192 for pipelines that operate at less than 20% SMYS.

WELDER QUALIFICATION TESTS	Must be performed using pipe nipples of a diameter, wall thickness, and material grade specified in the welding procedure.
WELDER QUALIFICATION TEST WELDS	Must be evaluated by visual inspection and destructive testing. Test specimens shall be prepared and tested in accordance with the requirements of the 20th edition or latest version of Section 6 of API 1104 or Section IX of the ASME Boiler and Pressure Vessel Code. At the option of the Superintendent and designee, the test weld (butt welds only) may be examined by radiographic inspection in lieu of destructive tests.
WELDERS	Must be allowed to weld using the specific procedures for which they have qualified and only on pipe sizes, wall thickness, and material grades covered under those specific procedures.
ADDITIONAL INFORMATION	**American Midstream Welding Manual, SECTION 2**

8. §192.229 Limitations on welders.

(b) 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)(l) of this section or requalifies under paragraph (d)(l) or(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).

> American Midstream Response: American Midstream will revise the procedure in 17.5 to 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). (see below)

17.5 WELDER LIMITATIONS (192.229)

Welders whose qualifications are based on non-destructive testing will not be allowed to weld on compressor station pipe and components.

A welder shall not weld with a particular welding process unless; within the preceding 6 months he/ she has engaged in welding with that process and has had (within the preceding 6 months) one weld tested and found acceptable under the 20th edition or latest version of API 1104.

A welder may qualify to perform welding on pipe to be operated at a pressure that produces a hoop stress of less than 20 percent of SMYS by performing an acceptable test weld, for the process to be used, under the test set forth in section I of Appendix C of this part. Each welder who is to make a welded service line connection to a main must first perform an acceptable test weld under section II of Appendix C of this part as a requirement of the qualifying test.

Welders qualified for less than 20% of SMYS pipe may not weld unless: 1) He / she has re-qualified within 1 year (15 months), or 2) he/she has had a production weld pass a qualifying test within 7 ½ months (or at least twice per year).

A welder qualified under § 192.227(b) may not weld unless within the preceding 15 calendar months, but at least once each calendar year, the welder has requalified under § 192.227(b); or (2) Within the preceding 7 1/2 calendar months, but at least twice each calendar year, the welder has had a production weld cut out, tested, and found acceptable in accordance with the qualifying test.

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.

American Midstream Response: American Midstream will revise Section 17.12 of the Operations and Maintenance Manual to include 192.245(c).

17.12 REPAIR OR REMOVAL OF DEFECTS (192.245)

Each weld not conducted in accordance with 49 CFR 192.241 must be removed or repaired. All welds with a crack greater than 8% of the weld length must be removed.

Each weld that is repaired must have the defect removed down to sound metal and the segment to be repaired must be preheated in accordance with **SECTION 17.8**. After repair, the welded area must be inspected to ensure its acceptability. If the initial repair attempt is not acceptable, the weld must be removed (cut out).

Crack repairs, or defect repairs in previously repaired areas, must be done in accordance with the qualified written welding procedures outlined in the American Midstream Welding Manual - Section 10, and API 1104. 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.

If it is feasible to take the segment of transmission line out of service, the weld must be repaired in accordance with the applicable requirements of 49 CFR 192.245.

A weld may be repaired in accordance with 49 CFR 192.245 while the segment of transmission line is in service if:

1	The weld is not leaking;
2	The pressure in the segment is reduced so that it does not produce a stress that is more than 20% of the SMYS of the pipe; and
3	Grinding in the defective area can be limited so that at least 1/8 inch thickness in the pipe weld remains.

If the weld cannot be repaired in accordance with procedures listed above or in **SECTION 16.3**, a full encirclement welded split sleeve will be installed in accordance with 49 CFR 192.717 (b)(1).

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

American Midstream Response: American Midstream will revise their procedure to address testing intervals on protected short sections of mains or transmission lines. (see next page)

CATHODIC PROTECTION MONITORING	Each pipeline that is under cathodic protection must be tested at least **annually**, but with intervals not exceeding 15 months, to determine whether the cathodic protection meets the applicable requirements. If tests at those intervals are impractical for separately protected short sections of mains or transmission lines, not in excess of 100 feet (30 meters), or separately protected service lines, these pipelines may be surveyed on a sampling basis. At least 10 percent of these protected structures, distributed over the entire system shall 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.
CATHODIC PROTECTION INSTALLATION	If installed before August 1, 1971, cathodic protection must be provided in areas of active corrosion for: bare or ineffectively coated transmission lines and bare or coated pipes at compressor, regulator, and measuring stations. Each buried or submerged transmission line installed before August 1, 1971, that has an effective external coating must be cathodically protected along the entire area that is effectively coated within 1 year after construction.
TEST LEADS	Each pipeline under cathodic protection must have sufficient test stations or other contact points for electrical measurement to determine the adequacy of cathodic protection. All active test leads must be maintained in a workable condition. Test leads will be measured during cathodic protection surveys listed above, once each calendar year, not to exceed 15 months between inspections. If, during routine inspections, a test lead is found to be inoperable, the test lead must be documented as a deficiency and repaired or replaced promptly, according to **Section 9.6 Remedial Measures Corrosion**, if it is not immediately corrected. Each test point will initially be read upon construction of a pipeline or cathodic protection system to determine adequate cathodic protection. Test leads may be identified as inactive, either temporarily or permanently, based on an analysis of close-interval survey data, annual survey data, or other records to ensure that sufficient test leads remain to evaluate the effectiveness of the cathodic protection system, test for stray current (AC or DC), or test for electrical isolation. Each test lead wire must: 1) be connected to the pipeline so as to remain mechanically secure and electrically conductive and 2) be attached to the pipeline so as to minimize stress concentration on the pipe. Each bared test lead wire and bared metallic area at point of connection to the pipeline must be coated with an electrical insulating material compatible with the pipe coating and the insulation on the wire.

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.

> American Midstream Response: It appears the Recommended Operating Procedure for Interference Currents was not referenced during the audit. The Operations and Maintenance Manual Section 9.7 references the Recommended Operating Procedures 1507 which details the Scope, Testing Procedure, Corrective Measures and Remedial Action for Interference Currents from Foreign Pipelines or Metallic Structures.

9.7 INTERFERENCE CURRENTS

PERSON RESPONSIBLE	Corrosion Technician / Operations Technician
DESIGN	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.
MONITORING	American Midstream shall apply a continuing program to minimize the detrimental effects of stray currents where its pipeline system is subjected to stray currents.
DOCUMENTATION	**FORM CF-100**
NOTE	**RECOMMENDED OPERATING PROCEDURES 1507**

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.

American Midstream Response. American Midstream will revise its procedure to adequately detail the effectiveness of steps taken to minimize internal corrosion.

9.1 INTERNAL CORROSION

PERSON RESPONSIBLE	Corrosion Technician / Operations Technician or Chemical Vendor	
GENERAL	Corrosive gas may not be transported by pipeline, unless the corrosive effect of the gas on the pipeline has been investigated and steps have been taken to minimize internal corrosion. American Midstream utilizes gas sampling, coupon monitoring, filter separator, dehy units, and corrosion inhibitor, to monitor gas quality and prevent internal corrosion under 49 CFR 192.475.	
PIPE REMOVAL	Whenever any pipe is removed from a pipeline for any reason, the internal surface must be inspected for evidence of corrosion. The Internal Corrosion Monitoring Report (FORM CF-106) must be filled out, notify Area Management and;	
	1	Investigate the adjacent pipe to determine the extent of internal corrosion.
	2	Replacement must be made in accordance with 49 CFR 192.485. Refer to SECTION 9.6 Remedial Measures Corrosion for remedial measures.
	3	Steps must be taken to minimize the internal corrosion.
	NOTE	Refer to the American Midstream Recommended Operating Procedure 1301 for pipeline repair procedures.
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 inspected two times each calendar year, but with intervals not exceeding 7½ months. Monitoring may be accomplished by sampling or the use of corrosion coupons or probes. If any product sample or coupon evaluation shows evidence of internal corrosion steps must be taken to mitigate the corrosion potential. When using chemical inhibitor injection for corrosion mitigation, the chemical vendor typically sets up the program schedule with operations personnel to monitor the prescribed rated of chemical injection. Regular sampling of coupon evaluation is needed to validate the effectiveness of the steps taken to minimize corrosion.	
DOCUMENTATION	Internal Corrosion Monitoring Report	FORM CF-107
	NOTE: Documentation of internal corrosion inspections is required whether or not internal corrosion is found. This documentation must be retained for as long as the pipeline is in service.	

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.

American Midstream Response: American Midstream will add more detail to ERP Section 7 and referenced the ERP Section 7 in the Operations and Maintenance Manual Section 12 (see below and response to Item #4).

ACCIDENTAL IGNITION PREVENTION

REFERENCE	49 CFR 192.751
PERSON RESPONSIBLE	Operations Technician
OVERVIEW	The objective of this section is to prevent accidental ignition around structures or areas containing gas facilities, where leakage or the presence of gas constitutes a fire or explosion hazard.
SPECIFICS	Ensure all personnel are familiar with the requirements in this procedure, and other related information concerning the prevention of accidental ignition.
	When gas is being vented into open air, each potential source of ignition must be removed from the area, and fire extinguishing equipment provided.
	Smoking is prohibited in and around structures and areas containing gas facilities. Warning signs should be in place where appropriate.
	Do not perform welding or cutting in the work area on pipe or on pipe components that contain a combustible mixture of gas and air.
	Blowdowns should be directed away from electric conducters, and be a sufficient distance away to prevent lower explosive limit gas concentrations from reaching electronic facilities.
	When a pipeline under cathodic protection from a rectifier is to be separated, shut off the electrical power supply to the rectifier unit.
	Test should be conducted with a Combustible Gas Indicator (CGI) and Hot Work Permits should be completed in accordance with the American Midstream Safety Manual.
	Excess flammable or combustible materials must be stored at a safe distance from all compressor buildings.
	Compressor station tanks must be protected according to NFPA #30.
ADDITIONAL INFORMATION	Hot work permit procedures can be found in Section 15.0 of the American Midstream Gas Transportation Safety & Health Manual.
	For the venting or release of gas, review and follow the High Risk Work Tasks procedures found in Section 5.3 of the American Midstream Gas transportation Safety & Health Manual.
	Gas Detected in Building Procedures can be Found in the Emergency Response Plan Section 7.

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.

American Midstream Response: American Midstream will revise Section 11 to include procedures to shutdown or reduce pressures on their pipeline system to minimize hazards.

Employee (First Responder)

If any employee receives notice of an incident (whether from an employee or from a member of the community), they should do the following:	
A	Initial leak investigation. Check surrounding areas for multiple or additional leaks. Check adjacent structures, drains, sewers, etc. for gas migration or entrapment. Report findings to Area Management when they arrive.
B	Get as much information as possible from the person. A standard form should be used to gather information – Notification Report Form – Initial Notification.
C	Notify local emergency officials (as needed) – Local Fire, Police, & Medical Services.
D	Notify Gas Control of the incident.
E	Notify Area Management
F	Respond to the emergency to determine severity of incident. If safe to do so, the employee may attempt to respond to the incident by shutting valves, shutting down a facility, securing the area or similar actions. Note that employee must be properly trained to respond to incidents prior to taking any active response measures. Remember, protect people first.
G	Emergency shutdown or pressure reduction in any section of the pipeline is necessary to minimize hazards to life or property. Recommended Operating Procedures Manual SECTION 1

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

American Midstream Response: An investigative report will be generated and submitted to management. (see next page)

2.2 Post Incident Procedures

The Incident Commander (or person conducing oversight of the incident - or their designee) is responsible for conducting the Post Incident Procedures. The Area Operations personnel and Area Management must be notified that the post incident checklist has been completed prior to bring a pipeline back into service. The Area Operations personnel and Area Management are responsible for assessing the integrity of the pipeline and safety of personnel prior to returning the pipeline to service. The following checklist is a baseline checklist for ensuring the safety of personnel.

❑	Ensure all personnel are accounted for or communications have been maintained with them that the emergency is over.
❑	Ensure all local, state and federal agencies have been notified that the incident has stopped and all clean up actions have completed (or approved by local, state and federal agencies).
❑	Safely restore service outages after the emergency has been rendered safe. Notification to local utilities must be conducted if service outages exist.
❑	Gather all incident documentation as listed in the Incident Investigation Section and submit them to the Sr. Vice President and C.O.O. (or designee).
❑	Conduct repairs according to DOT standards as listed in the Operations & Maintenance Manual and / or the Integrity Management Plan.
❑	Evaluate system integrity prior to starting up the system.
❑	Slowly bring the pipeline into service, monitoring pressures. Refer to **SECTION 2.4** for requirements on placing a pipeline system back into service after an emergency.
❑	Document final reports and submit all written reports requested / required by regulatory agencies.
❑	Employee activities will be reviewed post incident to determine whether the procedures were effectively followed in each emergency. An investigative report will be generated and submitted to management. The investigative report should contain at a minimum: • Employees Present at time of incident. • Incident description • Were employees involved with the incident Drug and Alcohol tested as required by 199.105(b)? • Were local, state and federal agencies notified that the incident has stopped and all clean up actions have been completed. • Were repairs conducted according to DOT standards?

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.

American Midstream Response: American Midstream has a Control Room Management Program which includes an Alarm Management Program. A reference to the Control Room Management Program was added to the Operations and Maintenance Manual Section 1.6. (see below)

1.6 CONTROL ROOM MANAGEMENT (192.631(c))

Portions of American Midstream pipeline operations fall under Control Room Management regulations (48 CFR 192.631).

American Midstream has implemented a Control Room Management Program including an Alarm Management Program.

The American Midstream Control Room Management Program is located under separate binder and managed by the American Midstream Gas Control Department.

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.

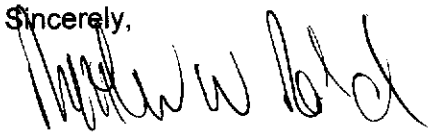
American Midstream's Bell Hole Inspection Form (Form 20.15) and Exposed Pipe Report (Form 20.16) are not fully filled out. American Midstream personnel need to fully, and accurately fill out the reports to ensure exposed pipe is getting examined for corrosion.

American Midstream Response: American Midstream has implemented additional training to ensure personnel fully, and accurately fill out the Bell Hole Inspection (Form 20.15) and the Exposed Pipe Report (Form 20.16). This will ensure that all exposed pipe is getting examined for corrosion.

It is toward American Midstream's continuing commitment to operate in a manner that not only complies with Federal regulations, but ensures the safety of all operating personnel and affected population that we appreciate this opportunity to address the items brought forth in your letter. Should specific items provided to evidence our compliance, or proposed time frame to achieve compliance be found not sufficient, please so advise so that we may remedy the issue as soon as possible.

If you have any questions or require any additional information please feel free to contact me at (713) 815-3913 or via email at mrowland@americanmidstream.com.

Sincerely,



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