



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

12300 W Dakota Ave , Suite 110
Lakewood, CO 80228

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 13, 2007

Mr. Tod Flott
VP, Northern Division
Merit Energy Company
13727 Noel Road, Suite 500
Dallas, TX 75240-5240

SENT TO COMPLIANCE REGISTRY
Hardcopy Electronically
of Copies 1 / Date 2/14/07

CPF 5-2007-5009W

Dear Mr. Flott:

On October 10-13, 2006, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Bairoil CO₂ Pipeline in Bairoil, Wyoming.

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. The items inspected and the probable violation(s) are:

- 1. §195.402 Procedural manual for operations, maintenance, and emergencies.**
(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:
(13) Periodically reviewing the work done by operator to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found.

At the time of the inspection, the operator did not have records reflecting that he had periodically reviewed his personnel's work to determine the effectiveness of normal O&M procedures.

- 2. §195.573 What must I do to monitor external corrosion control?**
c) Rectifiers and other devices. You must electrically check for proper performance each device in the first column at the frequency stated in the second column.

Device
Rectifier.....
Reverse current switch
Diode
Interference bond whose failure would
jeopardize structural protection

Check frequency
At least six times each calendar year,
but with intervals not exceeding 2 ½
months.

Other interference bond At least once each calendar year, but with
intervals not exceeding 15 months.

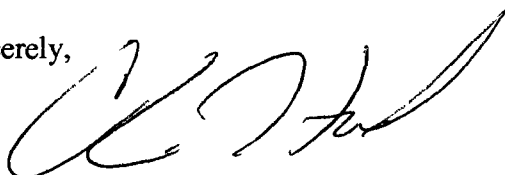
At the time of the inspection, neither the operator nor the United Contracting could not find records indicating that the bond at MP 20 was inspected in 2004.

Year	MP 20 (non-critical) Bond Inspection Dates
2003	05-21-2003
2004	
2005	12-05-2005
2006	04-06-2006

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violations persists up to a maximum of \$1,000,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item(s) identified in this letter. Be advised that failure to do so will result in Merit Energy Company being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2007-5009W**.

Sincerely,



Chris Hoidal
 Director, Western Region
 Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
 PHP-500 B. Brown (#116814)