

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 13, 2007

Ms. Tamara Murray
President
Salmon Resources LTD
2450 Teller Street
Lakewood, CO 80214

CPF 3-2007-5030W

Dear Ms. Murray:

On August 13-15, 2007, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your pipeline facilities in Marysville, Michigan.

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. §195.428 Overpressure safety devices and overfill protection systems

Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

Salmon Resources (SR) did not inspect the high pressure shut down valve twice in 2006. Also, there is one thermal relief on the system that was not inspected in 2006. Marysville Hydrocarbon, your contractor, indicated that the procedures they operated under previously require the test of the thermal relief to occur once every 2 years.

2. §195.555 What are the qualifications for supervisors?

You must require and verify that supervisors maintain a thorough knowledge of that portion of the corrosion control procedures established under Sec. 195.402(c)(3) for which they are responsible for insuring compliance.

SR does not have any documentation indicating that your corrosion supervisor maintained a thorough knowledge of the portion of corrosion control procedures established under 195.402(c)(3). Documentation showing that this individual is familiar with these procedures is necessary to demonstrate compliance.

3. §195.583 What must I do to monitor atmospheric corrosion control?

(a) You must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:

If the pipeline is located:	Then the frequency of inspection is:
Onshore:	At least once every 3 calendar years, but with intervals not exceeding 39 months
Offshore:	At least once each calendar year, but with intervals not exceeding 15 months

SR did not conduct any atmospheric corrosion inspections on your above ground facilities which included the facilities at Marysville Hydrocarbon and the above-ground valve setting at the river crossing. A subsequent field review of Line A identified a concern at the soil/air interface of line A in the plant.

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 violation 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. Failure to do so will result in Salmon Resources 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 3-2007-5030W**. 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).

Sincerely,

Ivan A. Huntoon
Director, Central Region
Pipeline and Hazardous Materials Safety Administration