NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 18, 2007

Mr. Tom Williams
Senior Vice President
Atlas Pipeline Mid-Continent, LLC
Ozark Gas Transmission
1437 S. Boulder, Suite 1500
Tulsa, OK 74119

CPF 2-2007-1008M

Dear Mr. Williams:


On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Ozark Gas Transmission’s procedures, as described below:

1. § 191.5 Telephonic notice of certain incidents.
   (b) Each notice required by paragraph (a) of this section shall be made by telephone to 800-424-8802 (in Washington, DC, 267-2675) and shall include the following information.

   Ozark’s procedures did not include the 800 telephone number for reporting incidents.

2. § 191.25 Filing safety-related condition reports.
   (a) Each report of a safety-related condition under § 191.23(a) must be filed (received by the Associate Administrator, OPS) in writing within five working days (not including Saturday, Sunday, or Federal Holidays) after the day a representative of the operator first determines that the condition exists, but not later than 10 working days after the day a representative of the operator discovers
the condition. Separate conditions may be described in a single report if they are closely related. Reports may be transmitted by facsimile at (202) 366-7128.

Ozark's procedures did not specify to whom this report would be filed.

3. §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.
(8) Periodically reviewing the work done by operator personnel to determine the effectiveness and adequacy of the procedures used in normal operation and maintenance and modifying the procedure when deficiencies are found.

Ozark's procedures do not adequately address this regulation.

4. §192.614 Damage prevention program.
(c) The damage prevention program required by paragraph (a) of this section must, at a minimum:
(6) Provide as follows for inspection of pipelines that an operator has reason to believe could be damaged by excavation activities:
(ii) In the case of blasting, any inspection must include leakage surveys.

Ozark's procedures do not require leak surveys following blasting.

5. §192.615 Emergency plans.
(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.
(7) Making safe any actual or potential hazard to life or property.
(8) Notifying appropriate fire, police, and other public officials of gas pipeline emergencies and coordinating with them both planned responses and actual responses during an emergency.

Ozark's procedures do not adequately address regulation sections (a) (6) and (a) (7).

Ozark procedures addressing regulation section (a) (8) did not specify notification to the NRC or the 800 number.

6. §192.619 What is the maximum allowable operating pressure for steel or plastic pipelines?
(a) Except as provided in paragraph (c) of this section, no person may operate a segment of steel or plastic pipeline at a pressure that exceeds the lowest of the following:
(1) The design pressure of the weakest element in the segment, determined in accordance with Subparts C and D of this part. However, for steel pipe in pipelines being converted under §192.14 or uprated under subpart K of this part, if any variable necessary to determine the design pressure under the design formula (§192.105) is unknown, one of the following pressures is to be used as as design pressure:

(i) Eighty percent of the first test pressure that produces yield under section N5 of Appendix N of ASME B31.8 (incorporated by reference, see § 192.7), reduced by the appropriate factor in paragraph (a)(2)(ii) of this section; or

(ii) If the pipe is 12¼ inches (324 mm) or less in outside diameter and is not tested to yield under this paragraph, 200 p.s.i. (1379 kPa) gage.

(2) The pressure obtained by dividing the pressure to which the segment was tested after construction as follows:

(i) For plastic pipe in all locations, the test pressure is divided by a factor of 1.5.

(ii) For steel pipe operated at 100 p.s.i. (689 kPa) gage or more, the test pressure is divided by a factor determined in accordance with the following table:

<table>
<thead>
<tr>
<th>Class location</th>
<th>Factors¹, segment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Installed before (Nov. 12, 1970)</td>
</tr>
<tr>
<td>1</td>
<td>1.1</td>
</tr>
<tr>
<td>2</td>
<td>1.25</td>
</tr>
<tr>
<td>3</td>
<td>1.4</td>
</tr>
<tr>
<td>4</td>
<td>1.4</td>
</tr>
</tbody>
</table>

¹ For offshore segments installed, uprated or converted after July 31, 1977, that are not located on an offshore platform, the factor is 1.25. For segments installed, uprated or converted after July 31, 1977, that are located on an offshore platform or on a platform in inland navigable waters, including a pipe riser, the factor is 1.5

(3) The highest actual operating pressure to which the segment was subjected during the 5 years preceding the applicable date in the second column. This pressure restriction applies unless the segment was tested according to the requirements in paragraph (a)(2) of this section after the applicable date in the third column or the segment was uprated according to the requirements in subpart K of this part.
<table>
<thead>
<tr>
<th>Pipeline segment</th>
<th>Pressure date</th>
<th>Test date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offshore gathering line that first became subject to this part (other than § 192.612) after April 13, 2006.</td>
<td>March 15, 2006, or date line becomes subject to this part, whichever is later.</td>
<td>5 years preceding applicable date in second column.</td>
</tr>
<tr>
<td>Onshore transmission line that was a gathering line not subject to this part before March 15, 2006.</td>
<td>July 1, 1976.</td>
<td>July 1, 1971.</td>
</tr>
<tr>
<td>All other pipelines.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(4) The pressure determined by the operator to be the maximum safe pressure after considering the history of the segment, particularly known corrosion and the actual operating pressure.

(b) No person may operate a segment to which paragraph (a)(4) of this section is applicable, unless overpressure protective devices are installed on the segment in a manner that will prevent the maximum allowable operating pressure from being exceeded, in accordance with §192.195.

(c) The requirements on pressure restrictions in this section do not apply in the following instance. An operator may operate a segment of pipeline found to be in satisfactory condition, considering its operating and maintenance history, at the highest actual operating pressure to which the segment was subjected during the 5 years preceding the applicable date in the second column of the table in paragraph (a)(3) of this section. An operator must still comply with §92.611.

Ozark's procedures do not adequately address this regulation.

7. §192.703 General.

(b) Each segment of pipeline that becomes unsafe must be replaced, repaired, or removed from service.

Ozark's procedures do not adequately address this regulation.

8. §192.705 Transmission lines: Patrolling.

(b) The frequency of patrols is determined by the size of the line, the operating pressures, the class location, terrain, weather, and other relevant factors, but intervals between patrols may not be longer than prescribed in the following table:
<table>
<thead>
<tr>
<th>Class location of line</th>
<th>Maximum interval between patrols</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>At highway and railroad crossings</td>
</tr>
<tr>
<td>1, 2</td>
<td>7 ½ months; but at least twice each calendar year.</td>
</tr>
<tr>
<td>3</td>
<td>4 ½ months; but at least four times each calendar year.</td>
</tr>
<tr>
<td>4</td>
<td>4 ½ months; but at least four times each calendar year.</td>
</tr>
</tbody>
</table>

Ozark’s procedural manual did not cover this regulation.

9. §192.706 Transmission lines: Leakage surveys.
   (a) In Class 3 locations, at intervals not exceeding 7½ months, but at least twice each calendar year; and
   (b) In Class 4 locations, at intervals not exceeding 4½ months, but at least four times each calendar year.

Ozark’s procedures do not adequately address this regulation.

10. §192.709 Transmission lines: Record keeping.
    Each operator shall maintain the following records for transmission lines for the periods specified:
    (a) The date, location, and description of each repair made to pipe (including pipe-to-pipe connections) must be retained for as long as the pipe remains in service.
    (b) The date, location, and description of each repair made to parts of the pipeline system other than pipe must be retained for at least 5 years. However, repairs generated by patrols, surveys, inspections, or tests required by subparts L and M of this part must be retained in accordance with paragraph (c) of this section.
    (c) A record of each patrol, survey, inspection, and test required by subparts L and M of this part must be retained for at least 5 years or until the next patrol, survey, inspection, or test is completed, whichever is longer.
Ozark's procedures do not adequately address this regulation.

11. §192.745 Valve maintenance: Transmission lines.
   (b) Each operator must take prompt remedial action to correct any valve found inoperable, unless the operator designates an alternative valve.

Ozark's procedures do not adequately address this regulation.

12. §192.225 Welding procedures.
    (a) Welding must be performed by a qualified welder in accordance with welding procedures qualified under section 5 of API 1104 (incorporated by reference, see § 192.7) or section IX of the ASME Boiler and Pressure Vessel Code "Welding and Brazing Qualifications" (incorporated by reference, see § 192.7) to produce welds meeting the requirements of this subpart. The quality of the test welds used to qualify welding procedures shall be determined by destructive testing in accordance with the applicable welding standard(s).

Ozark's procedures addressing this regulation did not include the specific edition of the technical specifications API 1104 and or ASME Boiler and Pressure Vessel Code.

13. §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 appendix A of this part may weld but may not requalify under that earlier edition.

Ozark's procedures addressing this regulation did not include the specific edition of the technical specifications API 1104 and or ASME Boiler and Pressure Vessel Code.

    (a) General corrosion. Each segment of transmission line with general corrosion and with a remaining wall thickness less than that required for the MAOP of the pipeline must be replaced or the operating pressure reduced commensurate with the strength of the pipe based on actual remaining wall thickness. However, corroded pipe may be repaired by a method that reliable engineering tests and analyses show can permanently restore the serviceability of the pipe. Corrosion pitting so closely grouped as to affect the overall strength of the pipe is considered general corrosion for the purpose of this paragraph.
    (b) Localized corrosion pitting. Each segment of transmission line pipe with localized corrosion pitting to a degree where leakage might result must be replaced or repaired, or the operating pressure must be reduced commensurate with the strength of the pipe, based on the actual remaining wall thickness in the pits.
Ozark’s procedures addressing this regulation did not have remedial measures for localized and general 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 45 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.

In correspondence concerning this matter, please refer to CPF 2-2007-1008M and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Linda Daugherty
Director, Southern Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: Response Options for Pipeline Operators in Compliance Proceedings