

August 1, 2008

U. S. Department of Transportation
Pipeline and Hazardous Materials Safety Administration
Office of Pipeline Safety
Southern Region Office
233 Peachtree Street, Suite 600
Atlanta, GA 30303

Attention: Ms. Linda Daugherty, Director

Re: CPF No. 2-2007-1018
Southern Natural Gas Company

Dear Ms. Daugherty:

Please reference my letter to you of January 17, 2008, which was in response to the captioned Notice of Probable Violation (NOPV) and Proposed Compliance Order (PCO), dated October 31, 2007, issued by your office following pipeline safety inspections of Southern Natural Gas (SNG) Company facilities, completed during 2006. The following is an excerpt from the January 17 letter addressing Item Numbers 1 and 5 of the NOPV and for which the PCO was issued.

We are responding to these two items concurrently since they deal with the same location on SNG's North Main Pipeline System and they deal with facilities that are closely related in operational functionality. SNG is taking immediate steps to remediate the situation at the New Calera Tap, resulting in adequate compliance with 49 CFR 192.195(a), 192.201(a)(2)(i), and 192.739(a). While design is not complete, the need for some minor piping modifications has been identified. These are expected to be completed within the next six months.

Relative to the proposed Compliance Order regarding Item Numbers 1 and 5 discussed above, we have taken the initiative to proceed with a review of SNG facilities throughout the PHMSA Southern Region in an effort to determine where similar installations exist. Only one other such arrangement has been found utilizing check valves to separate pipelines of differing MAOPs and that is at the Roebuck Meter Station Tap, Milepost 328.854 on the North Main Pipeline. The design of this facility is being reviewed and we have determined several scenarios that may be viable alternatives to remedy this situation as well. We expect to accomplish implementation of one of these scenarios within the six month time frame stated above for the New Calera Tap.

Furthermore, SNG is pursuing a review of its entire pipeline system, extending beyond the PHMSA Southern Region, in order to ascertain whether any other installations utilize check valves in a manner similar to that identified by your

inspector. In the event such facilities are determined to exist, appropriate modifications will be made for them as well.

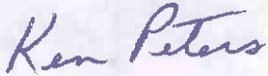
Since SNG has proactively accomplished the intent of the proposed Compliance Order and is herein notifying you that remedial measures will be taken, we suggest that the Compliance Order is unnecessary and respectfully request that its proposal be rescinded. Associated costs are expected to be minimal and we will be glad to notify your office when the facility remediation is complete, even without the Compliance Order. We suggest that a Compliance Order is unnecessary and is overly burdensome relative to the scope of our remedial measures. SNG believes that under the circumstances it is appropriate for the company to act on good faith in lieu of the proposed Compliance Order.

Continuing with its good faith effort, SNG is hereby notifying your office that the review of its pipeline facilities is complete and appropriate remedial actions have been completed to insure that check valves are no longer used as primary over pressure protection devices anywhere on SNG's system. Specifically, the following summarizes SNG's activities:

- New Calera Tap – piping modifications have been completed to isolate the check valve and insure over pressure protection is provided by the existing regulator & monitor station at this location.
- Roebuck Meter Station Tap – the scenario implemented involved modification of the logic in an existing RTU that governs the gas flow relative to the pipelines of differing MAOPs, resulting in the prevention of the pipeline having the higher MAOP from releasing gas pressure into the pipeline having the lower MAOP. This scenario was reviewed with your Mr. Dallas Rea in a meeting at SNG's Riverdale, GA office April 21, 2008. The software logic has been installed, tested, and proven to perform as designed. SNG will repeat testing of this facility once per calendar year at intervals not to exceed 15 months.
- The review of SNG's facilities within the PHMSA Southern Region has been completed. To the best of our knowledge, one other facility contained check valves that might come into play in preventing an over pressure situation between two pipelines of differing MAOPs. That facility is Cartersville No. 2 Meter Station at Milepost 46.005 on SNG's Rome-Calhoun Pipelines. Consultation with SNG's Gas Control resulted in a decision to close and lock a separating valve and eliminate dual feed capability at this station. Therefore, only one pipeline will supply the meter station at a time. Should the other pipeline be needed for supply, valves will be manipulated manually, insuring the two Rome-Calhoun lines remain isolated from each other.
- The review of the remainder of SNG's facilities beyond the PHMSA Southern Region has also been completed. This review resulted in no findings of other situations wherein check valves were being used as primary over pressure protection devices.

SNG is greatly appreciative of your office's cooperation in these matters. We once again respectfully assert that the intent of the PCO has been accomplished. We further suggest rescission of the PCO and request closure of PHMSA's CPF 2-2007-1018.

Sincerely,

A handwritten signature in blue ink that reads "Ken Peters". The signature is written in a cursive style.

Kenneth C. Peters
Manager, DOT Compliance Services

cc: Mohammed Shoaib, PHMSA Southern Region Office
Derrick Turner, PHMSA Southern Region Office
Dallas Rea, PHMSA Southern Region Office