



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

901 Locust Street, Suite 462
Kansas City, MO 64106-2641

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

December 29, 2010

Mr. Eric Amundsen
V.P. Technical Services
Panhandle Eastern Pipeline Company
5444 Westheimer Road
Houston, Texas 77056

CPF 3-2010-1008W

Dear Mr. Amundsen:

On several dates in 2010 from May through November, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Glenarm, Centralia, Edgerton, Pleasant Hill, Zionsville, Houstonia, Tuscola, and Montezuma units.

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. §192.751 Prevention of accidental ignition.

Each operator shall take steps to minimize the danger of accidental ignition of gas in any structure or area where the presence of gas constitutes a hazard of fire or explosion, including the following:

(a) When a hazardous amount of gas is being vented into open air, each potential source of ignition must be removed from the area and a fire extinguisher must be provided.

Panhandle Eastern Pipeline Co. (PEPL) did not take steps to minimize the danger of accidental ignition at their A. P. Green delivery point. During the field checks, part of the Centralia, Missouri, unit, incorrect wiring to a regulator heater was observed inside the regulator shed at the A. P. Green Delivery point. PEPL typically has explosion proof plugs connecting the heaters inside the regulator sheds, but this location did not. Without an explosion proof plug, this wiring is a potential ignition source.

2. **§192.203 Instrument, control, and sampling pipe and components.**

(b) Materials and design. All materials employed for pipe and components must be designed to meet the particular conditions of service and the following:

(9) Each control line must be protected from anticipated causes of damage and must be designed and installed to prevent damage to any one control line from making both the regulator and the over-pressure protective device inoperative.

PEPL did not design and construct their delivery point at the Peoria Lateral 3 Gate to ensure that damage to one control line would not make the other over pressure device inoperative. During the field checks at the Peoria Lateral 3 Gate in the Glenarm, Illinois, unit, two regulator sense lines were found to be connected to the same downstream tap. 192.203(b) (9) requires that control lines be installed so that damage to one line does not make the other over-pressure device inoperative.

3. **§192.735 Compressor stations: Storage of combustible materials.**

(a) Flammable or combustible materials in quantities beyond those required for everyday use, or other than those normally used in compressor buildings, must be stored a safe distance from the compressor building.

PEPL was storing combustible materials beyond those required for everyday use in two compressor station buildings. Combustibles in the form of cardboard boxes and plywood were found in the compressor station engine rooms during the field checks at the Glenarm, Illinois, and Centralia, Missouri, compressor stations.

4. §192.199 Requirements for design of pressure relief and limiting devices.

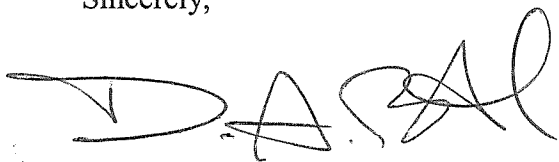
Except for rupture discs, each pressure relief or pressure limiting device must:
(e) Have discharge stacks, vents, or outlet ports designed to prevent accumulation of water, ice, or snow, located where gas can be discharged into the atmosphere without undue hazard;

PEPL did not have a discharge vent designed to prevent accumulation of ice, water or snow at their Quincy High Pressure delivery point. At the Pleasant Hill, Illinois, unit, a relief valve rain cap at the Quincy High Pressure delivery was damaged and not preventing accumulation of ice, water or snow.

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 PEPL 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 3-2010-1008W. 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,

A handwritten signature in black ink, appearing to read 'D. Barrett', written in a cursive style.

David Barrett
Director, Central Region
Pipeline and Hazardous Materials Safety Administration