

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 2, 2009

Mr. Royce Ramsay
Northern Natural Gas Company
1111 103rd Street
Omaha, Nebraska 68124-1000

CPF 4-2009-1003W

Dear Mr. Ramsay:

On September 15-19 and 23-26, 2008, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected records and procedures of your Spearman and Spraybury Pipeline Systems at your Amarillo and Midland, Texas offices, respectively.

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 item inspected and the probable violation is:

1. §192.317 Protection from hazards.

(b) Each above ground transmission line or main, not located offshore or in inland navigable water areas, must be protected from accidental damage by vehicular traffic or other similar causes, either by being placed at a safe distance from the traffic or by installing barricades.

The K-B pipeline Crossover facility in Gaines County is located away from regular domestic traffic but still needs protection from possible farm equipment activity. NNG must install a barrier to better protect this above ground piping assembly from being hit and causing possible component damage.

2. §192.477 Internal corrosion control: Monitoring.

If corrosive gas is being transported, coupons or other suitable means must be used to determine the effectiveness of the steps taken to minimize internal corrosion. Each coupon or other means of monitoring internal corrosion must be checked two times each calendar year, but with interval not exceeding 7 1/2 months.

The most recent scale records at the Brownfield and Sprayberry Stations available during the inspection indicated substantial iron and sulfate presence but there were no coupons to corroborate if internal corrosion was present. NNG must develop procedures to monitor for internal corrosion at sites where there is probable occurrence of this pipeline threat. One of these sites is the 24 inch OK 24" OKG 21501 in Ellis County, Texas where a pipeline failure occurred due to internal corrosion.

3. §192.479 Atmospheric corrosion control; General.

- (a) Each operator must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.**
- (b) Coating material must be suitable for the prevention of atmospheric corrosion.**
- (c) Except portions of pipelines in offshore splash zones or soil-to-air interfaces, the operator need not protect from atmospheric corrosion any pipeline for which the operator demonstrates by test, investigation, or experience appropriate to the environment of the pipeline that corrosion will—**
 - (1) Only be a light surface oxide; or**
 - (2) Not affect the safe operation of the pipeline before the next scheduled inspection.**

Very heavy atmospheric corrosion was evident at the Sunray Compressor Station piping. NNG's O and M procedures state that all above ground piping will be recoated if found to be in need of repair. NNG should review and amend, as necessary, their procedures to specify requirements to be used by operations personnel for making a determination of how and when the maintenance work is to be achieved and completed in a timely fashion.

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 Noble Energy Inc. 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 4-2009-1003W**. 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,

R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous
Material Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*