WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 6, 2008

Mr. Greg Jans
Plant Manager
Midway Sunset Cogeneration Company
P.O. Box 457
3466 West Crocker Springs Road
Fellows, CA 93224-0457

CPF 5-2008-0015W

Dear Mr. Jans:

From February 19 to 21, 2008, a representative of the Pipeline and Hazardous Materials Safety Administration, pursuant to Chapter 601 of 49 United States Code, conducted an onsite inspection of your pipeline facilities and records in Fellows, CA.

As a result of the inspection, it appears that you have committed probable violation as noted below of pipeline safety regulations, Title 49, CFR, Part 192. The item inspected and the probable violation is:

1. § 192.707 Line markers for mains and transmission lines.
   
   d) Marker warning. The following must be written legibly on a background of sharply contrasting color on each line marker:

   - The word “Warning,” “Caution,” or “Danger” followed by the words “Gas (or name of gas transported) Pipeline” all of which, except for markers in heavily developed urban areas, must be in letters at least 1 inch (25 millimeters) high with1/4inch (6.4 millimeters) stroke.
(2) The name of the operator and the telephone number (including area code) where the operator can be reached at all times.

The letters “Gas Pipeline” were not at least one inch high on many line markers as required by the regulation. They were about 5/8” high.

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 items identified in this letter. Failure to do so will result in Midway Sunset Cogeneration Company 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 5-2008-0015W. 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,

[Signature]

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
    PHP-500 P. Nguyen (Activity #121138)