

WARNING LETTER

VIA UPS GROUND – 1Z WR2 588 02 9282 1039

May 17, 2011

Mr. Kyle Hammond
Vice President, Operations
XTO Energy Inc.
810 Houston Street
Fort Worth, TX 76102

CPF 5-2011-2002W

Dear Mr. Hammond:

On September 21-23, 2010, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your natural gas transmission pipeline system in Kenai, Alaska.

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 violations are:

1. **§191.17 Transmission and gathering systems: Annual report.**
(a) **Except as provided in paragraph (b) of this section, each operator of a transmission or a gathering pipeline system shall submit an annual report for that system on Department of Transportation Form F RSPA 7100.2-1. This report must be submitted each year, not later than March 15, for the preceding calendar year.**

The operator failed to submit the 2009 Calendar Year Annual Report for their Kenai Alaska gas transmission system.

2. **§192.603 General provisions**
(b) **Each operator shall keep records necessary to administer the procedures established under §192.605.**

During the inspection the operator provided conflicting records regarding the set point for the A-Line pressure safety valve, identified as PSV 2007. The operator provided a piping and instrumentation diagram (Drawing No. A9401112) which indicated a set point of 150 psig for PSV 2007. The operator also provided a Pressure Relief Valve Test Only Report (dated 8/2/2010) which indicated a set point of 250 psig for PSV 2007. Under 49 C.F.R. §192.605, each operator is required to prepare and follow a manual of written procedures for conducting operations and maintenance activities and for emergency response. The set point for each pressure safety valve must be accurately identified in order to implement Section 2.14.5, Pressure Limiting and Regulating Station, of XTO's Operation and Maintenance Manual (Revision Number: 02, Revision Date: 12/10/2009).

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 XTO Energy Inc. being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please send all documents to our office at 188 W. Northern Lights Blvd., Suite 520, Anchorage, AK 99503 and refer to **CPF 5-2011-2002W**. 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,

Dennis Hinnah
Deputy Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 T. Johnson (#128488)