

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 5-2011-7003W

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 oil transmission pipeline system in Kenai, Alaska.

As a result of the inspection, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation is:

1. **§195.402 Procedural manual for operations, maintenance, and emergencies.**
 - (a) **General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.**

The operator failed to follow Section 2.17.4, Scraper Handling Procedure, of their Operation and Maintenance Manual (Revision Number: 03, Revision Date: 1/1/10). Section 2.17.4 describes how XTO complies with Part 195.426, Scraper and Sphere

Facilities and states, “The barrel shall also be equipped with a pressure gage to confirm that the pressure has been released.” PHMSA’s personnel observed that pressure gauges were not present on the Platform A launcher and onshore receiver barrels.

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 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 5-2011-7003W**. 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 (#130053)