OMIMEX GROUP
Omimex Canada, Ltd.

June 17, 2010

Chris Hoidal
Director, Western Region
Pipeline & Hazardous Materials Safety Administration
U.S. Dept. of Transportation
12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

Re: Notice of Amendment for Chinook Pipeline in Montana
CPF 5-2010-1002M

Dear Mr. Hoidal:

This letter is in response to the Notice of Amendment that you sent to Clark Storms in our Ft. Worth, Texas office dated May 17, 2010 that he received on May 20, 2010.

Attached for your review are the necessary revisions to our O&M manual and Operator Qualification Plans. In reviewing my notes from the inspection and your May 17, 2010 letter, I have made the following additions which are outlined in red to address the 3 items of concern in order of your letter.

1. The changes we made to the Operator Qualification Plan CT-32 and Section 3J.1 of the Operations and Maintenance Plan include provisions and documentation to ensure that the relief devices (primarily the Dehy unit/compressor) that discharge into the pipeline have the proper capacity to account for the volume which may be needed to relieve.

2. From my notes, Mr. Petronis wanted us to add under the emergency response plan a procedure for a gas leak on the pipeline itself and that under Natural Disaster for Range Fire we needed to add that we would shut in the facility.
These changes to the O&M manual are reflected in Section 5A page 1 of 1, Section 5B page 1 of 2, Section 5D page 3 of 6 and Section 5D page 6 of 6.

3. Even though we do employee performance evaluations and table-top exercises the changes to the O&M manual Section 5B page 2 of 2 spells it out in writing and states that we will keep documentation of such. It also gives reference to the Operator Qualification Plan Section 5 where we include more detail as to the specifics of the evaluation methods.

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A CD, which has an electronic copy of the letter and attachments, is also provided for your convenience. My email address and contact information is included if you need to contact me direct.

Sincerely,

A. Kenneth Prior III
Operations Manager
ken_prior@omimexgroup.com
(231)845-7358

Enclosures

cc: Clark Storms

CT30 192.717 Perform permanent field repair of leaks.

Evaluation Criteria:

1. Perform and describe, activities related to permanent repairs of leaks in accordance with the Operator's requirements.

Abnormal Operating Conditions:

Pipeline system damage (mechanical damage, coating damage)
Reaction: Notify designated Operator's representative

CT31 192.727 Abandon or deactivate pipelines.

Evaluation Criteria:

1. Describe, simulate or perform the activities associated with abandoning or deactivating pipelines.
2. Identify and describe the types of pipelines:
   a. Inactive - under gas pressure, but are isolated from all sources of gas and are not being used to transport gas.
   b. Idle - isolated from all sources of gas, but have a positive gas or inert gas pressure of 25 to 50 psig.
   c. Decommissioned - physically disconnected from the pipeline system, purged with an inert material and sealed at the ends. Cathodic Protection and Leakage Surveys are discontinued.
   d. Abandoned - physically disconnected from the pipeline system, purged with water or an inert material and sealed at the ends. All work on the line is discontinued.
   e. Removed - physically removed from the right of way.
3. Identify methods of isolating the pipeline:
   a. Cutting and welding end caps
   b. Disconnect and install blind flanges
   c. Closing and locking valves

Abnormal Operating Conditions:

Pipeline leak
Reaction: Eliminate potential ignition sources and notify designated Operator's representative

CT32 192.739 Inspect and test pressure limiting and regulating devices.

Evaluation Criteria:

The evaluation will be based on the Operator's specifications.

1. Describe and perform the testing and inspection of pressure limiting devices.
2. Determine which preparations must be made prior to the inspection and testing of pressure limiting devices:

a. Verify Set-point Pressures
b. Verify capacity needed to relieve by analyzing past volume throughput including estimate of any additional throughput to ensure proper size pressure limiting devices are in place.

3. Perform the steps to test pressure limiting devices for correct set pressure and operating setting.

Abnormal Operating Conditions:

1. Pipeline leak
   Reaction: Eliminate potential ignition sources and notify designated Operator's representative
2. Pipeline system damage (mechanical damage, coating damage)
   Reaction: Notify designated Operator's representative
3. Pipeline volume higher than pressure limiting capacity
   Reaction: Notify designated operator immediately and proceed with shutting in the pipeline immediately and change device to have proper capacity.

CT33 192.745 Inspect, maintain and partially operate valves.

Evaluation Criteria:

The evaluation will be based on the Operator's specifications.

1. Describe and perform appropriate valve inspections and maintenance on valves.
2. Identify the steps to inspect a valve:
   a. Inspect for leaks
   b. Clean stem threads
   c. Inspect stem packing and lubrication
   d. Lubricate the valve; monitor grease pressure to ensure valve pressure rating is not exceeded
   e. Bleed valve body
   f. Check adjustments, if applicable
   g. Winterize valves subject to freezing
   h. Operate valve completely when gas flow is not impacted
   i. Partially operate the valve when full operation is not practical
   j. Other manufacturer specific requirements

Abnormal Operating Conditions:

1. Pipeline leak
   Reaction: Eliminate potential ignition sources and notify designated Operator's representative
2. Pipeline system damage (mechanical damage, coating damage)
   Reaction: Notify designated Operator's representative

CT34 192.625 Odorization of gas.

Evaluation Criteria:

1. Review the process of odorant addition to odorization equipment.
2. Describe the gas odorization process.
3. Review odorant properties.

Abnormal Operating Conditions:

1. No odorant in gas
   Reaction: Notify designated Operator's personnel
2. Odorization equipment leak
   Reaction: Eliminate odorant leak and/or potential ignition sources and notify designated Operator's representative

CT35 192.751 Prevention of Accidental Ignition.

Evaluation Criteria:

1. Review properties of natural gas.
2. Simulate and review preventiative measures to eliminate ignition.

Abnormal Operating Conditions:

1. Pipeline leak
   Reaction: Eliminate potential ignition sources and notify designated Operator's representative

PRESSURE LIMITING & RELIEF DEVICES

PURPOSE

This procedure covers requirements for design, inspection and capacity verification of pressure limiting and relief devices.

PROCEDURE

Pressure limiting and relief devices shall be design to comply with the following: Be designed and installed so that it can be readily operated to determine if the valve is free, can be tested to determine the pressure at which it will operate, and can be tested for leakage when in the closed position;

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;

When installed in a district regulator station must be such that a single incident does not affect the operation of both the pressure limiting and the relief device

Except for the inlet valve, be designed to prevent unauthorized operation of any stop valve that will make the pressure relief valve or pressure-limiting device inoperative.

Annually, with intervals not to exceed 15 months, inspect and test each pressure limiting relief device as outlined below. Calculate the required capacity, or review a previous calculation, of each relief device. To determine the required capacity, analyze the previous year's throughput along with taking into consideration any additional volumes that may be added. Document this calculation along with the calculated capacity of the relief valve to ensure capacity of relief valves exceed the potential volume needed to relieve. Note that the design capacity of the relief device must be based on the capacity of the compressor or regulating device to protect the system.

Town border or city gate sales facilities, compressor stations, pipelines and similar facilities, are to be inspected each calendar year with intervals not to exceed fifteen months.

PRESSURE LIMITING & RELIEF DEVICES

Regulators (District Stations — serving more than one customer) - Inspect and test to assure that each:

- Is in good mechanical condition.
- Opens and closes at set pressures.
- Is protected from external conditions or environment that might prevent proper operation.
- Control and vent lines are properly designed, supported and protected.

Relief valves - Inspect and test to assure that each:

- Is in good mechanical condition.
- Opens at the proper pressure.
- Control line and vent is properly designed, supported and protected.
- Isolation valve, when installed, is in the open position after the inspection and test.
- Set point is established so that the maximum allowed overpressure will not be exceeded.

RECORDS

Keep design calculations for the life of the device. Keep the last two years volume calculations versus relief valve capacities for verifications. If equipment is changed or modified the calculations must reflect the changes.

EMERGENCY RESPONSE PLAN TABLE OF CONTENTS

GENERAL INFORMATION

STATEMENT OF PURPOSE

The purpose of the Emergency Response Plan is to provide instructions and lists of the resources needed to assure that personnel who could be involved in an emergency are prepared to recognize and deal with an emergency in an expeditious and safe manner. The plan also provides guidelines for record keeping, training, recovery procedures, investigation and evaluation of response operations.

This plan considers an 'emergency" to be one or more of the following conditions.

- Gas detected inside a building
- Gas detected near a building
- Gas leak on pipeline
- Fire near a gas facility
- Fire involving a gas facility
- An explosion
- A natural disaster
- A situation or condition related to a gas facility that endangers employees or the public.
- A situation or condition related to a gas facility that may damage company, private or public property.
- A situation or condition related to a gas facility that may adversely affect the operation of the system.

STATEMENT OF AUTHORITY

An area's ability to manage an incident is dependent on many factors including the incident's size, complexity, duration and location, as well as government involvement, media attention, financial exposure, and the response team's own capabilities. In most cases the Senior Operator of Omimex Canada or his designee will be in charge of emergency response. However, in cases where because of the magnitude, duration, public interest, or financial exposure exceeds the capability of the local team, additional resources will be acquired.

Until declared otherwise by the Senior Operator or designee in charge, employees will treat notification of all alleged conditions listed in the Statement of Purpose, as an emergency situation. They will take necessary steps to assure the safety of all people located in the vicinity of the alleged emergency condition.

The Senior Operator or designee will contact appropriate Public Agencies to notify them of the condition if appropriate

The Senior Operator or designee will act as spokesman when providing information to news media personnel. Other employees will refrain from making statements about the incident. The on-site spokesperson is responsible for contacting the corporate communications department in Cut Bank, MT at 4O6-336-3370 as soon as possible following the incident. This group will provide media response support and may dispatch a corporate spokesperson if necessary.

If conditions dictate, employees will be dispatched to ensure people are evacuated and prevented from entering the affected area. Assistance in securing the affected area will be requested from local law enforcement if deemed necessary by the Senior Operator or designee.

GENERAL INFORMATION

EMERGENCY RESPONSE PRIORITIES

Protection of people is the first priority in application of the emergency procedures described. Protection of property follows as the second priority. Personnel using this plan must be aware that the procedures are general in nature and that not all emergency conditions can be described and detailed instructions given.

EMERGENCY RESPONSE PLAN TRAINING

Each employee that may be placed in charge, or called upon to be the first to respond to an emergency shall become familiar with the contents of the plan. The Senior Operator shall keep records of training and/or orientation meetings. At a minimum, training and/or orientation will cover the following topics:

- How the document is organized.
- The actions required by each procedure.
- Where updated copies of the plan are located.

The plan will be reviewed annually by each employee that may be placed in charge or called upon to be a first responder. Periodic table-top exercises will be conducted at least annually to review emergency response procedures and ensure that the training is effective by testing the employees. The Operator Qualification Plan, Section 5 under Evaluation also addresses the evaluation methods of employees and contractors conducting covered tasks. Documentation of such exercises will be kept on file.

EMERGENCY RESPONSE PLAN UPDATING

The plan will be updated at the following times.

- After the annual review.
- When major system changes or additions are complete.
- When personnel changes are made.
- If needed after conducting table-top exercises

It is the responsibility of the person to which the manual is issued to ensure that any additions or revisions are immediately inserted into this manual. Superseded pages must be removed and disposed of in a secure manner.

If a manual is lost, stolen or damaged, it must be reported to the Senior Operators, so a replacement can be arranged.

EMERGENCY RESPONSE PROCEDURES

GAS DETECTED INSIDE A BUILDING

When approaching a building that contains natural gas facilities or that may contain a gaseous atmosphere, an employee must be alert and listen for any signs of escaping gas. If conditions lead an employee to suspect that a gaseous atmosphere may be present, the employee is instructed not to open doors or enter the building until the atmosphere inside the building is determined to be safe. Under no circumstances should an employee enter a building with audible leaking gas until backup assistance arrives, and the environment has been tested and determined to be safe for entry.

If a gaseous atmosphere is suspected in a building, the action taken to bring the situation under control will depend on the nature of the problem and the potential danger to life or property. Actions taken will depend on the employee's assessment of the situation. General guidelines for responding to this type of emergency are as follows:

1. Return to vehicle and reposition upwind, preferably blocking access to the location by others.

2. Evacuate people from adjacent buildings if they are close enough to be injured in an explosion or fire.

3. Contact other employees and request assistance. The other employees will contact public safety agencies and utilities as needed. Provide the following information for their use.
   - Describe the condition
   - Give the location
   - Give the wind direction
   - Request a portable gas detector

4. Eliminate sources of ignition.
   - Shut off electrical power from a remote location.
   - Do not remove electric meters or open any switches that are attached to the building.
   - Prevent vehicles from entering the area. If vehicles are already in the area, do not attempt to move them or shut them off.
   - Prevent smoking and other flame sources
   - Do not use telephones and radios in the gas area

5. Isolate the building from gas sources if possible. Close service line valves on buildings receiving domestic gas service. On measurement buildings, close inlet and outlet block valves.

6. After gas sources are shut off, test the building atmosphere with a portable gas detector. If the atmosphere is determined to be safe, enter and ventilate the building and determine the source of leaking gas.

7. Once the cause of the detected gas has been determined, contact the appropriate personnel to investigate, repair and return the facility to service.

EMERGENCY RESPONSE PROCEDURES

GAS DETECTED NEAR A BUILDING

When gas is detected near a building, actions taken will depend on the employee's assessment of the situation. General guidelines for responding to this type of emergency are as follows:

1. Return to vehicle and reposition upwind, preferably blocking access to the location by others.

2. Evacuate people from adjacent buildings if they are close enough to be injured in an explosion or fire.

3. Contact other employees and request assistance. The other employees will contact public safety agencies and utilities as needed. Provide the following information for their use.
   - Describe the condition
   - Give the location
   - Give the wind direction
   - Request a portable gas detector

4. Eliminate sources of ignition.
   - Shut off electrical power from a remote location.
   - Do not remove electric meters or open any switches that are attached to the building.
   - Prevent vehicles from entering the area. If vehicles are already in the area, do not attempt to move them or shut them off.
   - Prevent smoking and other flame sources
   - Do not use telephones and radios in the gas area

5. Test the building atmosphere with a portable gas detector. If gas is detected, follow the procedure for "Gas Detected Inside a Building"

6. If the atmosphere is determined to be safe, monitor the building atmosphere until the leaking gas has been contained.

FIRE NEAR A GAS FACILITY

Employees may be summoned to respond to a fire near but not involving a gas facility by police, fire fighting or other emergency services agencies. If the source of the fire is suspected to be escaping gas, the fire department responding should be advised.

If the employee is first on the scene, the Company personnel responding will follow the following general procedures when appropriate.

1. Keep at a safe distance, protect people first and property second.
2. Secure the area and restrict access.
3. Contact other employees with the following information:
   - A description of the situation.
   - The location of the fire and your relative location.
   - An assessment of whether Company personnel can safely extinguish or control the fire.
   - A request for assistance if needed.
4. The other employees will:

- Notify necessary emergency response agencies, including fire departments as necessary.
- Dispatch Company personnel and equipment.
- Log times of significant events.
- Coordinate off-site activities and monitor communications.

5. Evacuate any adjacent facilities or buildings that may be endangered. Wait for assistance to arrive (if assistance is necessary).
6. If a large gas fire is burning, do not attempt to extinguish the flame. The fire should be extinguished by shutting off the source of fuel.
7. If a gas fire can be extinguished safely using proper fire fighting techniques, as soon as the flame is extinguished, the source of fuel must be contained to prevent explosive re-ignition.

GAS LEAK ON PIPELINE

When a gas leak is detected along the pipeline, actions taken will depend on the employee's assessment of the situation and severity of the leak. General guidelines for responding to this type of emergency are as follows.

1. Note wind direction and reposition yourself upwind.
2. Contact other employees and request assistance. The other employees will contact public safety agencies and utilities as needed. Provide the following information for their use.
   - Describe the condition
   - Give the location
   - Give the wind direction
   - Request a portable gas detector
   - If leak is determined to be severe, have other employees start shut down procedures for Chinook Pipeline and isolate leak by closing shutdown valves on upstream and downstream sides of leak. Follow shutdown procedure described in Section 2.B, page 5 of 7.
3. Secure the area and restrict access.
4. Eliminate sources of ignition
   - Shut off any electrical power from a remote area if applicable.
   - Prevent vehicles from entering the area. If vehicles are already in the area, do not attempt to move them or shut them off.
   - Prevent smoking and other flame sources.
   - Do not use telephone and radios in the gas area.
5. Wait for backup personnel and portable gas detector before re-entering gas area to evaluate severity of leak, source of leaking as and potential repair of leak, whether it be temporary or permanent.

FIRE INVOLVING A GAS FACILITY

A natural gas facility that is on fire due to burning escaping gas should generally be left to burn until the facility can be isolated and the source of fuel discontinued. Extinguishing the flame can lead to explosive re-ignition.

The first responder will follow these general procedures when appropriate.

1. Keep at a safe distance, protect people first and property second.
2. Secure the area and restrict access.
3. Contact the Senior Operator or his designee with the following information:

- A description of the situation.
- The location of the fire and your relative location.
- An assessment of whether Company personnel can safely extinguish or control the fire.
- A request for assistance if needed.

4. The Senior Operator or his designee will:
   - Notify necessary emergency response agencies, including fire departments as necessary.
   - Dispatch Company personnel and equipment.
   - Log times of significant events.
   - Coordinate off-site activities and monitor communications.
5. Evacuate any adjacent facilities or buildings that may be endangered. Wait for assistance to arrive if assistance is necessary.
6. If a gas fire can be extinguished safely using proper fire fighting techniques, as soon as the flame is extinguished, the source of fuel must be contained to prevent explosive re-ignition.

EXPLOSION

Upon arriving at the scene of a gas explosion, the responding employee must be alert to the possibility of secondary explosions of fires if escaping gas is still present in the area. Gas explosions occur when a combustible mixture is ignited in a confined area. The rupture of pipelines and related equipment due to overpressure or weakness may cause an explosion or fire if the gas-air mixture falls within the explosive limits.

General procedures for responding to this type of emergency are as follows:

1. Before entering the area, check for downed power lines, damaged structures, hazardous material spills or other hazards that generally exist at the site of an explosion.
2. Keep at a safe distance, protect people first and property second.
3. Secure the area and restrict access.
4. Contact the Senior Operator or his designee with the following information:
   - A description of the situation.
   - The location of the fire and your relative location.
   - An assessment of whether Company personnel can safely extinguish or control the fire.
   - A request for assistance if needed.
5. The Senior Operator or his designee will:
   - Notify necessary emergency response agencies, including fire departments as necessary.
   - Dispatch Company personnel and equipment.
   - Log times of significant events.
   - Coordinate off-site activities and monitor communications.
6. Evacuate any adjacent facilities or buildings that may be endangered.
7. If a gas fire can be extinguished safely using proper fire fighting techniques, as soon as the flame is extinguished, the source of fuel must be contained to prevent explosive re-ignition.

NATURAL DISASTER - TORNADO

When weather conditions are such that a tornado could be formed, personnel should be alert to that fact and:

1. Have personnel with conventional radios tune them to monitor weather information. On weather alerts:
    a. Tornado watch means atmospheric conditions are favorable for the formation of a tornado.
    b. Tornado warning means a tornado has been sighted.
2. During extreme weather conditions, or if a warning affecting the area is issued, assign an observer to watch storm conditions for a possible tornado.
3. If a facility may have to be abandoned, the Senior Operator or his designee will identify a safe location for employees to report or assemble.
4. If a tornado is sighted, notify all affected personnel. Take the following actions as time allows. Remember to protect life first.
    - Notify Gas Control and the local office if it becomes necessary to seek shelter. Advise them that the office will probably be out of radio communication.
    - Extinguish all unnecessary fires and lights.
    - Switch over to auxiliary power.
    - Do not trip the ESD system. It will function automatically if a fault occurs.
    - Leave facilities in operation and seek shelter.
5. Personnel in a vehicle when a tornado approaches should:
    - Drive at right angles, away from the tornado if possible.
    - If the tornado cannot be avoided, seek shelter in a ditch or other low lying area, if below ground shelter is not available.
    - Avoid locations under electric power lines.
6. After the storm has passed:
    - Survey the damage.
    - Trip ESD shutdowns, if necessary.
    - Isolate portions of damaged facilities.

EMERGENCY RESPONSE PROCEDURES

7. Notify the local office that the storm has passed. Report the amount of damage that has occurred.
8. Notify the Senior Operator or his designee that all employees are accounted for.
9. Proceed with repairs or other actions that are required.

NATURAL DISASTER - EARTHQUAKE

Earthquakes that may cause damage to surface structures and underground pipelines may require the following actions to insure the integrity of the pipeline and other gas facilities.

Perform a leak detection survey on pipelines in the area of the earthquake assigning first priority to pipelines near occupied structures.
Advise Gas Control to monitor the pressure and flow in pipelines to detect unusual operating conditions.
Check the operation of farm taps and other gas regulation and measurement facilities for proper operation. Note any conditions that indicate an abnormally high flow such as the test hand of a gas meter that is spinning or noise made by a gas regulator indicating a high flow condition. If it is determined that the facility may be feeding an open line, the gas is to be shut off until the tine is repaired and pressure tested.

NATURAL DISASTER - RANGE FIRE

Range fires may require that an occupied gas facility be abandoned. When the decision to abandon a facility is made, the following actions should be taken:

1. Shut down the facility and shut in isolation valves at the facility and pipeline.
~~1.~~2. Place the station on emergency power.
~~2.~~3. Remove all vehicles from the area.
~~3.~~4. The Senior Operator or his designee will identify a safe location for employees to report or assemble.