

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 9, 2013

Mr. Tony Finneman
Vice President of Operations
WBI Energy Transmission, Inc.
1250 W. Century Avenue
Bismarck, North Dakota 58503

CPF 5-2013-1014W

Dear Mr. Finneman:

On August 28-30, 2012, and September 25-29, 2012, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your WBI Energy Transmission, Inc.'s facilities (WBI) from Bismarck Compressor Station in North Dakota to the Dickinson Compressor Station in North Dakota, and from Rapid City, South Dakota to the North Dakota/South Dakota State Line.

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 violation(s) are:

1. §192.163 Compressor stations: Design and construction.

(c) Exits. Each operating floor of a main compressor building must have at least two separated and unobstructed exits located so as to provide a convenient possibility of escape and an unobstructed passage to a place of safety. Each door latch on an exit must be of a type which can be readily opened from the inside without a key. Each swinging door located in an exterior wall must be mounted to swing outward.

Per §192.163(c), an operator requires to have each door latch on an exit that can be readily opened from the inside without a key at the main compressor building. At the time of inspection, it was noted that the Bismarck Compressor Station and the Dickinson Compressor Station were built in 1980 and 1990, respectively. Meanwhile, the exit doors at the Bismarck and Dickinson Compressor Stations in North Dakota do not have interior panic bar operated door latches. Traditional round or lever interior door handles can impede exit and may not be readily opened during an emergency.

2. §192.163 Compressor stations: Design and construction.

(d) Fenced areas. Each fence around a compressor station must have at least two gates located so as to provide a convenient opportunity for escape to a place of safety, or have other facilities affording a similarly convenient exit from the area. Each gate located within 200 feet (61 meters) of any compressor plant building must open outward and, when occupied, must be openable from the inside without a key.

Per §192.163(d), an operator requires to have at least two (2) gates located so as to provide a convenient opportunity for escape to a place of safety, or have other facilities affording a similarly convenient exit from the area. At the time of inspection, it was noted that the Golva Compressor Station in North Dakota was built in 2010 and there is only a single gate located in the fence at the station perimeter.

3. §192.735 Compressor stations: Storage of combustible materials.

(a) Flammable or combustible materials in quantities beyond those required for everyday use, or other than those normally used in compressor buildings, must be stored a safe distance from the compressor building.

Per §192.735(a), an operator requires to store the flammable and combustible materials in quantities beyond those required for everyday use, or other than normally used in compressor building, at a safe distance from the compressor building. At the time of inspection, it was noted that combustible materials beyond those required for everyday use were stored inside the West Shore Compressor Station in South Dakota, and the Bismarck and Dickinson Compressor Stations in North Dakota.

4. §192.605 Procedural manual for operations, maintenance, and emergencies

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least one each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

Per §192.605(a), an operator requires to maintain appropriate parts of the manual at locations where operations and maintenance activities are conducted. At the time of inspection, it was noted that WBI maintains the procedures required by §192.605 at each

Compressor Station as loose documents printed and stored in individual file folders. Employees routinely remove applicable sections or pages from the folders and carry the individual procedure to work locations. This practice can prevent every employee working at a facility access to complete set of procedures when needed for applicable operations or to react to emergencies. That means the current practice prohibits other employees access the same procedures for conducting the operation and maintenance activities.

Under 49 United States Code § 60122 you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a 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. Failure to do so will result in WBI Energy Transmission, 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 5-2013-1014W**. 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,

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

cc: PHP-60 Compliance Registry
PHP-500 K. Nguyen
PHP-400 D. Spillers (#140166 and #141772)