



Public Service Commission

State of North Dakota

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WARNING LETTER

August 13, 2015

Mr. Jeff White, COO, Engineering and Operations
Aux Sable Midstream LLC
6155 E US Route 5
Morris, IL 60450

Dear Mr. White:

On the days of July 7 and July 14-15, 2015, Public Service Commission staff conducted an inspection of Aux Sable Midstream LLC (ASM) Prairie Rose natural gas pipeline from the Bantry Valve Site to the interconnect with Whiting Oil and Gas near Stanley, ND, and conducted an annual records review. As a result of the investigation, three probable violations were discovered:

CODE VIOLATED

COMMENTS

Violation #1

192.479(a) At the ASM valve site located by Ruthville, there is a location for potential external corrosion under the piping at one spot where the seal under the pipe and above the pipe support is open to accumulation of condensation.

Violation #2

192.479(a) At the Interconnect with Whiting Oil and Gas, atmospheric corrosion is evident on areas of piping and flange studs.

Violation #3

192.605 ASM did not follow its Operations and Maintenance Manual (ASM's Procedure # 164-NOP-PL) concerning the maintenance of the multimeter being used to take pipe to soil readings. The multimeter calibration had not been checked once per calendar year, not to exceed 15 months.

This is a Warning Letter and attached Proposed Compliance Order, not a Notice of Probable Violation.

If you have any further questions or need additional comments, please contact me at 701-220-5779.

Sincerely,

Aaron Morman, Pipeline Safety Program Manager

**NORTH DAKOTA PUBLIC SERVICE COMMISSION
TESTING AND SAFETY DIVISION**

PROPOSED COMPLIANCE ORDER

Under the authority of the North Dakota Century Code 49-02-01.2, the North Dakota Public Service Commission staff proposes a compliance order incorporating the following requirements to assure compliance of Aux Sable Midstream LLC (ASM), Palermo, ND with North Dakota's minimum gas pipeline safety standards (North Dakota Administrative Code 69-09-03) as applicable to ASM's operations:

Probable Violation #1:

By no later than September 10, 2015, ASM must provide the Commission with a copy of a work order(s) showing that adequate atmospheric corrosion protection has been provided at the ASM valve site located by Ruthville, as listed in the Warning Letter.

Probable Violation #2:

By no later than September 10, 2015, ASM must provide the Commission with a copy of a work order(s) showing that adequate atmospheric corrosion protection has been provided at the interconnect with Whiting Oil and Gas, as listed in the Warning Letter.

Probable Violation #3:

No compliance action required. At the July 15 inspection, records were found to show that the meter had been recertified but outside the required time interval.

(An email showing this compliance, addressed to aarmorman@nd.gov , will be sufficient)

Failure to comply with the above requirement may result in formal Commission action.