



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

400 Seventh Street, S.W.
Washington, D.C. 20590

MAR 29 2005

Mr. Jerry Milhorn
Vice President of Operations
Kinder Morgan Energy Partners, L.P.
500 Dallas Street, Suite 1000
Houston, TX 77002

Re: CPF No. 4-2003-5010H

Dear Mr. Milhorn:

Enclosed is a Second Amendment to the Corrective Action Order that was issued to Kinder Morgan Energy Partners, LP on August 6, 2003. The August 6, 2003 Corrective Action Order, as amended, restricted operating pressure, required an evaluation to determine the extent of stress corrosion cracking, and required other corrective action on your hazardous liquid pipelines between the Tucson and Phoenix pump stations following a July 30, 2003 rupture. This second amendment requires additional corrective action involving your communication and liaison procedures with public officials. Your receipt of the enclosed document constitutes service of that document under 49 C.F.R. § 190.5. The terms and conditions of this Second Amendment to the Corrective Action Order are effective upon receipt.

Sincerely,

James Reynolds
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosure

cc: | Arizona Corporation Commission |

Rod Seeley, Region Director
Southwest Region, OPS

VIA CERTIFIED MAIL (RETURN RECEIPT REQUESTED) AND TELECOPY |

**DEPARTMENT OF TRANSPORTATION
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, DC 20590**

In the Matter of)

Kinder Morgan Energy Partners, L.P.,)

Respondent.)

CPF No. 4-2003-5010H

SECOND AMENDMENT TO CORRECTIVE ACTION ORDER

Background

On August 6, 2003, the Associate Administrator for Pipeline Safety issued a Corrective Action Order in this case finding that continued operation by Kinder Morgan Energy Partners, L.P. (Respondent or Kinder Morgan) of its 8-inch Tucson-Phoenix pipeline would be hazardous to the public, property, and the environment without corrective measures. The August 6, 2003 Order was issued as a result of the July 30, 2003 rupture of the line at mile post 314.12 near Tucson, Arizona. The Order restricts the operating pressure of the pipeline and requires Kinder Morgan to develop and submit a protocol for mechanical and metallurgical testing of the ruptured pipe section and a plan for corrective measures to the Office of Pipeline Safety (OPS).

On October 3, 2003, the Associate Administrator amended the Corrective Action Order to require Respondent to develop a written plan with corrective measures on its pipelines designated as LS 6/7/117 and LS 53/54 addressing stress corrosion cracking (SCC), which was determined to be the cause of both the July 30, 2003 rupture and a subsequent hydrostatic test failure that occurred on August 20, 2003. Specifically, the Order requires Respondent's plan to take into account the most current and relevant SCC evaluation techniques published in the applicable industry standards; identify any sections of these lines that Respondent determines are not susceptible to SCC and include analysis that supports those determinations; develop a timetable for the completion of the assessment and remediation for each pipeline section where SCC is discovered; include a pilot for using direct assessment to address discovery of areas with SCC on the lines; and include appropriate remedial measures to ensure the long-term integrity of the pipe.

On April 15, 2004, the Associate Administrator proposed amending the Corrective Action Order a second time to require additional corrective actions involving Respondent's communication and liaison procedures with public officials. The Proposed Second Amendment was based on the following:

- In a conversation with the Associate Administrator for Pipeline Safety, the Arizona Corporation Commission (ACC) Program Manager expressed concern that ineffective and

uncoordinated flow of information from Respondent concerning the operational status of the subject pipelines had complicated the response decisions of Tucson emergency officials at times.

- In a meeting with the Associate Administrator for Pipeline Safety, the Tucson City Manager expressed concern that inadequate flow of information from Respondent had affected his ability to determine whether precautionary evacuations were necessary for schools and other special needs facilities.
- On March 12, 2004, a Warning Letter issued by OPS stated the following, "Kinder Morgan failed to follow their written procedure for establishing and maintaining liaison with fire, police, and other appropriate public officials, specifically the Tucson Fire Department. At the time of the accident the Tucson Fire Department did not know who operated the ruptured pipeline and contacted the ACC for assistance in locating the operator. This demonstrates that Kinder Morgan has not established and/or maintained liaison with appropriate fire, police, and other appropriate public officials."

The Proposed Second Amendment proposed that Respondent document its procedures for communicating timely notice of any actions that may result in the necessity to initiate emergency response and provided Respondent with the opportunity for a hearing on the matter.

After requesting and receiving an extension of time, Respondent responded to the Proposed Second Amendment by letter dated May 25, 2004. Respondent offered information explaining how it establishes communications with appropriate public officials during emergencies and questioned the necessity of a Second Amendment to the Corrective Action Order, but provided information concerning measures it had initiated in response to the issues raised in the Proposed Second Amendment. This information included copies of relevant sections of its procedural manual that had been revised to ensure that wherever warranted, notice of actions that may result in the necessity to initiate emergency response would be timely communicated to local fire departments. Respondent did not request a hearing, and therefore has waived its right to one.

Section 60112 of Title 49, United States Code, provides for the issuance of a Corrective Action Order, after reasonable notice and the opportunity for a hearing, requiring corrective action, which may include the suspended or restricted use of a pipeline facility, physical inspection, testing, repair, replacement, or other action as appropriate. The basis for making the determination that a pipeline facility is hazardous, requiring corrective action, is set forth both in the above referenced statute and 49 C.F.R. § 190.233, a copy of which is enclosed. After evaluating the foregoing, I find that the continued operation of the affected pipelines without the additional corrective measure set forth in the Proposed Second Amendment would be hazardous to life, property and the environment.

Required Corrective Action

Accordingly, pursuant to 49 U.S.C. § 60112, I hereby order Respondent to take the following additional corrective action with respect to its hazardous liquid pipelines designated as LS 6/7/117 and LS 53/54 running between its Tucson and Phoenix pump stations:

Identify any action or series of actions to be undertaken that may require rapid decision-making by the responsible authorities at the community level to protect the public safety such as through evacuations, road closings, or notifications of police, fire, or other emergency responders (such actions would include, but are not limited to, line restarts, pressure testing, purging, and significant excavation activities). Document your procedures for communicating timely notice of such actions to federal, state, and local officials and for maintaining liaison to coordinate pre-planned and actual response activities with the appropriate officials. Submit these items within 30 days to: Director, Southwest Region, Office of Pipeline Safety, 2320 LaBranch Street, Suite 2100, Houston, TX 77004.

The corrective actions required by this amendment are in addition to and do not waive any requirements contained in the August 6, 2003 Order, as amended on October 3, 2003, or any requirements under 49 C.F.R. Part 195.

Failure to comply with this Order may result in the assessment of civil penalties of not more than \$100,000 per day and in referral to the Attorney General for appropriate relief in United States District Court.



Stacey Gerard
Associate Administrator
for Pipeline Safety

for

MAR 29 2005

Date Issued