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April 3, 2007

Mr. Chris Hoidal  
Director, Western Region  
US Department of Transportation  
Pipeline and Hazardous Material Administration  
12300 W. Dakota Ave. Suite 110  
Lakewood, CO

SENT TO COMPLIANCE REGISTRY  
Hardcopy  Electronically   
# of Copies L / Date 4/7/08

Re: CPF No. 5-2008-5004M

Dear Mr. Hoidal:

On August 13-17, and October 22-25 2007, a representative from the Pipeline and Hazardous Materials Safety Administration (PHMSA) Western Region, conducted an on-site pipeline safety inspection of Kinder Morgan Pipelines (USA) Inc. ("Kinder Morgan") facilities in Wyoming and Montana and the corresponding operating manuals and records located in Casper, WY. As a result of the inspection, Kinder Morgan was issued a "Notice of Amendment" letter dated March 6, 2008. It is Kinder Morgan's practice to provide PHMSA with information regarding the status of noted deficiencies in order to bring closure.

The "Notice of Amendment" letter specifically identified 5 items of concern. The alleged deficiencies are noted below in normal text and the mitigation taken by Kinder Morgan is detailed in the ***bold and italic*** text that follows.

1) 49 CFR 195.5; Conversion of Service: Kinder Morgan's Procedure 336 Conversion To Service, paragraph 5.5 references Subpart H of 195 and not Kinder Morgan's corrosion procedure for corrosion control requirements for pipelines that have been converted to hazardous liquid service. ***The text in Kinder Morgan's Maintenance Management Procedure 336, paragraph 5.5 has been changed to "A KMPLUSA Pipeline that has been converted to use (Placed In-service) shall comply with Kinder Morgan (USA) Inc. Corrosion Control Manual guidelines...."***

2) 49 CFR 195.214; Welding Procedures: Express Pipeline Manual, Section 9 Pipeline Repairs, paragraph 2.1 page 9-1 references the current edition (the current edition is the 20<sup>th</sup>) of 1104 and not the 19<sup>th</sup> edition as in incorporated by Part 195. The 19<sup>th</sup> edition must be referenced for girth weld practices. ***The text in the Express and Platte General Operations Manual, Maintenance and Repairs Section; Pipeline Repairs; paragraph 2.1, page 9-1 has been***

***changed to “API Standard 1104; Standard For Welding Pipelines and Related Facilities; Latest DOT approved edition”.***

3) 49 CFR 195.571; What criteria must I use to determine the adequacy of cathodic protection? Express Pipeline Corrosion Control Procedures, paragraph 1.1.1 and 1.1.2 references the “**current edition**” of NACE RP0169 for cathodic protection guidance. ***The text in the Express and Platte General Operations Manual, Maintenance and Repair Section; Corrosion Control; paragraph 1.1.1 and 1.1.2 has been changed to reference “NACE RP 0169; Control of External Corrosion on Underground or Submerged Metallic Piping Systems; Latest DOT approved edition”.***

4) 49 CFR 195.402; Procedural manual for operations, maintenance, and emergencies. The Express pipeline welding manual as well as the procedures for establishing a maximum operating pressure allow for a maximum period of three years for review...***The Express and Platte Welding Manual (Company Welding Manual) contains both Construction (CONST) and Maintenance (MAINT) welding procedures and specifications. Historically, Kinder Morgan had both CONST and MAINT procedures and specifications on a 3 year review cycle. As a result of the 2007 PHMSA audit Kinder Morgan has revised the review and update frequency for the MAINT standards held in the Company Welding Manual to an annual review.***

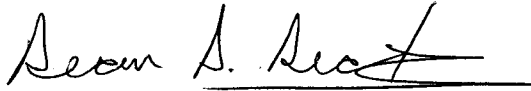
***The CONST and MAINT standards that comprise the Company Welding Manual include CONST 007, CONST 016, CONST 031, CONST 032, MAINT 030, MAINT 034. The remaining company maintenance standards will also be reviewed in 2008 and placed on an annual review cycle. The annual review cycle for the maintenance standards will be triggered using the Kinder Morgan internal maintenance work order system (IVARA).***

***The engineering standard/procedure used to establish Maximum Operating Pressure (MOP) is DESGN 004. The review period for DESGN 004 has been changed from 3 years to annually.***

5) 49 CFR 195.402 Procedural manual for operations, maintenance, and emergencies. “...KM’s emergency response procedures do not yet describe those areas along their Express pipeline that would require immediate response. ***Kinder Morgan changed the text in Section 2.2 of the Emergency Response Plan to reflect Kinder Morgan’s policy that the immediate response to all emergencies are treated the same, regardless of location. This interpretation is consistent with and supported by the DOT’s letter of interpretation 195.402 dated October 17, 1994 which specifically addresses this issue.***

Based on the information provided above, Kinder Morgan believes that all of the alleged deficiencies stemming from the March 6, 2008 "Notice of Amendment" letter have been properly mitigated and all outstanding concerns of PHMSA have been fully addressed. If you would like further clarification or documentation regarding any of these issues please do not hesitate to contact me at (307) 233-6169 or Christopher Murray at (307) 233-6181.

Sincerely,

A handwritten signature in black ink, appearing to read "Dean D. Dick", written over a horizontal line.

Dean D. Dick  
Operations Director Southern Region