



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 26, 2016

Mr. Mark A. Kissel
Principal Executive Officer and President
Colorado Interstate Gas Company, LLC
1001 Louisiana St., Suite 1000
Houston, TX 77002

CPF 5-2016-6005

Dear Mr. Kissel:

On August 10 through August 14, 2015, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code, inspected the Hazardous Liquid Lines in Sinclair, Wyoming owned and operated by Colorado Interstate Gas Company, LLC (CIG), a subsidiary of Kinder Morgan.

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 violations are:

- 1. §195.452 Pipeline integrity management in high consequence areas.**
 - (h) *What actions must an operator take to address integrity issues?***
 - (4) Special requirements for scheduling remediation**

(ii) 60-day conditions. Except for conditions listed in paragraph (h)(4)(i) of this section, an operator must schedule evaluation and remediation of the following conditions within 60 days of discovery of condition.

(A) A dent located on the top of the pipeline (above the 4 and 8 o'clock positions) with a depth greater than 3% of the pipeline diameter (greater than 0.250 inches in depth for a pipeline diameter less than Nominal Pipe Size (NPS) 12).

CIG failed to correctly classify a dent on the top of the pipeline located above the 4 and 8 o'clock positions with a depth greater than 3% of the pipeline diameter under §195.452(h)(4)(ii)(A) as mandating special requirements for scheduling remediation. At the time of the inspection, CIG failed to properly classify a dent located at the 10:30 o'clock position with 0.254-inch depth for a pipeline diameter of 6.625 inches located in a High Consequence Area (HCA) as requiring an evaluation and remediation schedule within 60 days of discovery. Based on the inspection report, an in-line inspection for Line 188-A was performed on November 13, 2012 and the date of discovery was declared on January 16, 2013. However, CIG failed to schedule an evaluation and remediation of this dent within 60 days of discovery under §195.452(h)(4)(ii)(A). In addition, CIG did not follow Section 4 of its Integrity Management Program for identifying the 60-day conditions.

2. §195.452 Pipeline integrity management in high consequence areas.

(h) *What actions must an operator take to address integrity issues?*

(3) Schedule for evaluation and remediation. An operator must complete remediation of a condition according to a schedule prioritizing the conditions for evaluation and remediation. If an operator cannot meet the schedule for any condition, the operator must explain the reasons why it cannot meet the schedule and how the changed schedule will not jeopardize public safety or environmental protection.

CIG failed to complete remediation according to a schedule prioritizing the conditions for evaluation and remediation, or explain why it could not meet the schedule and how a changed schedule would not jeopardize public safety or environmental protection, as required by §195.452(h)(3). On November 13, 2012, an in-line inspection was performed on Line 188-A. Subsequently, three (3) anomalies on Line 188-A were identified within HCAs. Based on the Pipeline Integrity Report AFE#71796 on Line 188-A from Acuren, one of the anomalies identified was a dent located at the 10:30 o'clock position with a depth of 0.254-inch for a pipeline diameter of 6.625 inches. Since this dent was above the 8 o'clock and 4 o'clock position and greater than 0.250 inches in depth for a pipeline diameter less than Nominal Pipe Size (NPS) 12, it required the scheduling of an evaluation and remediation within 60 days of discovery per §195.452(h)(4)(ii)(A). Although Line 188-A was assessed on November 13, 2012 and the date of discovery was declared on January 16, 2013, the repair date from your pipeline inspection/repair report was May 1, 2014, outside the 60-day requirement. Therefore, CIG did not complete remediation of the 60-day condition in the proper time frame nor did it explain the reasons it could not meet the schedule without jeopardizing public safety or environmental protection as required by §195.452(h)(3).

3. **§195.452 Pipeline integrity management in high consequence areas.**

(h) *What actions must an operator take to address integrity issues?*

(1) General requirements. An operator must take prompt action to address all anomalous conditions the operator discovers through the integrity assessment or information analysis. In addressing all conditions, an operator must evaluate all anomalous conditions and remediate those that could reduce a pipeline's integrity. An operator must be able to demonstrate that the remediation of the condition will ensure the condition is unlikely to pose a threat to the long-term integrity of the pipeline. An operator must comply with § 195.422 when making a repair.

(i) Temporary pressure reduction. An operator must notify PHMSA, in accordance with paragraph (m) of this section, if the operator cannot meet the schedule for evaluation and remediation required under paragraph (h)(3) of this section and cannot provide safety through a temporary reduction in operating pressure.

CIG failed to notify PHMSA, in accordance with §195.452(m), when the schedule for evaluation and remediation could not be met and it could not provide safety through a temporary reduction in operating pressure as required by §195.452(h)(1)(i). When CIG failed to schedule and complete a remediation of the anomaly within 60 days (see above), and failed to provide safety through a temporary reduction in operating pressure,¹ it failed to take prompt action to address all anomalous conditions it had discovered during the inspection. Therefore, CIG did not comply with §195.452(h)(1). In addition, CIG did not follow Section 4 of its Liquid IMP manual.

4. **§195.420 Valve maintenance.**

(b) Each operator shall, at intervals not exceeding 7 1/2 months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

CIG failed to inspect each mainline valve at least twice each calendar year as required by §195.420(b). At the time of the inspection, it was noted that CIG operates three (3) pipelines and each pipeline consists of two (2) mainline valves. From the review of the Records for all three (3) pipelines, it was determined that the mainline valves for all three lines were inspected annually, rather than twice each year not to exceed 7.5 months, between 2012 and 2014. Therefore, CIG violated §195.420(b) by not inspecting their mainline valves at the required intervals.

¹ When PHMSA staff asked CIG personnel if they took a temporary reduction in operating pressure to ensure safety, they said they did not and did not have any paperwork or readings to show that they did take a pressure reduction.

5. **§195.428 Overpressure safety devices and overfill protection systems**
(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

CIG failed to inspect and test each pressure relief valve as required by §195.428(a). At the time of the inspection, the pressure relief valve (PCV-93) for a gasoline line on Line 186 was reviewed and it was determined that PCV-93 for Line 186 was not inspected in 2013 and 2014. It appears that the most current inspection for PCV-93 was conducted on April 4, 2015. In addition, the pressure relief valves (PSV-114 and PSV 115) for HVL lines on Lines 187 and 188, respectively, were reviewed and it was determined that PSV-114 and PSV-115 were not inspected twice per year in 2013. Therefore, CIG violated §195.428(a) by not inspecting and testing their pressure relief valves at the required intervals.

Proposed Civil Penalty

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. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$198,000.00 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$43,200
2	\$43,200
3	\$43,200
4	\$34,200
5	\$34,200

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. All material submit in response to this enforcement action may be 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). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

In your correspondence on this matter, please refer to **CPF 5-2016-6005** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Hoidal". The signature is fluid and cursive, with the first name "Chris" and last name "Hoidal" clearly distinguishable.

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

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*

cc: PHP-60 Compliance Registry
PHP-500 D. Hubbard (#149479)

Mr. Gary Buchler, Vice President of Engineering and Operations, CIG LLC,
1001 Louisiana St., Suite 1000, Houston, TX 77002