

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

**CERTIFIED MAIL – RETURN RECEIPT REQUESTED**

January 11, 2013

Mr. Dwayne Burton  
Vice President, Operations and Engineering  
Kinder Morgan Energy Partners, L.P.  
One Allen Center  
500 Dallas Street, Suite 1000  
Houston, Texas 77002

Mr. George Rider  
Executive Vice President and General Counsel  
Tallgrass Energy Partners, LP  
6640 W. 143<sup>rd</sup> Street, Suite 200  
Overland Park, Kansas 66223

**CPF 3-2013-1002**

Dear Messrs. Burton and Rider:

On February 6, 2006, pursuant to 49 U.S.C. §60118(c) and 49 C.F.R. §190.341, Rockies Express Pipeline, L.L.C. (Rockies Express) filed a special permit request with the Pipeline & Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), for a waiver from certain provisions of 49 C.F.R. Part 192 for its Rockies Express Pipeline running from Wyoming to Ohio (REX Pipeline). PHMSA issues special permits to pipeline operators if the agency determines that a waiver of a particular regulation or standard is not inconsistent with pipeline safety. On July 11, 2006, PHMSA issued an order granting Rockies Express a special permit (SP) for the REX Pipeline with certain

conditions and limitations (SP Order). *See Docket number:* PHMSA-2006-23998 Notice 2. On May 16, 2009, PHMSA was notified of a release of gas from the REX Pipeline downstream of its Bertrand, Nebraska, compressor station which met the reporting criteria of Condition 25 of the special permit. On July 14-16, 2009, a representative of the PHMSA pursuant to Chapter 601 of 49 United States Code, investigated the report involving a release and inspected the pipeline facilities and records of Rockies Express' Bertrand, Nebraska, compressor station to determine the company's compliance with the SP Order.

On April 1-15, and July 11-15, 2011, representatives of PHMSA pursuant to Chapter 601 of 49 United States Code inspected the REX Pipeline from the Mexico, Missouri, Compressor Station to the Indiana/Ohio border facilities to determine the company's compliance with the SP Order.

As a result of the inspections, it appears that Rockies Express has committed probable violations of the SP Order. As stated in 49 C.F.R. §190.203(f), when information obtained from an inspection indicates that further OPS action is warranted, OPS may initiate one or more enforcement proceedings prescribed in §190.207 through §190.235.

The items inspected and the probable violation(s) are:

**1. Condition 15.**

**Overpressure Protection Control: Mainline pipeline overpressure protection must be limited to a maximum of 104 percent MAOP.**

Bertrand Compressor Station: Rockies Express allowed its pipeline pressure to exceed 104 percent MAOP by failing to limit its overpressure protection in accordance with SP Condition 15 at the Bertrand Compressor Station. On May 16, 2009, Rockies Express exceeded 104 percent of MAOP in the mainline pipeline segment between its Bertrand Compressor Station and downstream mainline valve number 15. After the unintended closure of valve number 15 at approximately 3:42 a.m., the station compressor units were automatically shut down because of high discharge pressure alarms with a peak pipeline pressure of 104.6 percent. Rockies Express failed to implement the O&M Procedure 703 for operation under the special permit which required the unit shutdowns to be set to 103 percent for all compressors in the REX pipeline. The overpressure protection set points for those units at Bertrand compressor station in place at the time were set at 105 percent MAOP.

**2. Condition 15.**

**Overpressure Protection Control: Mainline pipeline overpressure protection must be limited to a maximum of 104 percent MAOP.**

Blue Mound Compressor Station: Rockies Express did not set its overpressure protection at the Blue Mound Compressor Station to limit the pressure to a maximum of 104 percent MAOP in accordance with SP Condition 15. PHMSA discovered during the 2011 inspection of Rockies Express' Blue Mound

Compressor Station that unit shutdown controls were set above 104% of mainline MAOP. The September 15, 2010, inspection records for Blue Mound listed the “as found” and “as left” set points at 105 percent MAOP for all five compressor station units. The Blue Mound unit shutdowns remained out of compliance until they were reset to 103 percent of MAOP on April 20, 2011.

**3. Condition 24.**

**SCADA Procedures: A detailed procedure for establishing and maintaining accurate SCADA set points must be established to ensure the pipeline operates within acceptable design limits at all times.**

Rockies Express failed to establish a detailed procedure for establishing and maintaining SCADA set points within acceptable design limits for all operating modes. On May 16, 2009, Rockies Express was allowed to operate under local control at the Bertrand Compressor station. Although SCADA controllers were monitoring the pipeline system, the pipeline was operated above acceptable design limits, ultimately exceeding MAOP and allowable overpressure protection of 104 percent. The procedures (*O&M 703 section 3.3.2.1.d, O&M 1103 section 3, Bertrand unit “Start Procedure”*) did not accurately define SCADA set points for operating within acceptable design limits when in local mode.

**4. Condition 28.**

**Gas Quality Monitoring and Control: An acceptable gas quality monitoring and mitigation program must be instituted to not exceed the following limits:**

**Special Permit Condition # 28a:**

**H<sub>2</sub>S (4 grains maximum);**

**Special Permit Condition # 28b:**

**CO<sub>2</sub> (3 percent maximum);**

**Special Permit Condition # 28c:**

**H<sub>2</sub>O (less than or equal to 7 pounds per million standard cubic feet and no free water); and**

**Special Permit Condition # 28d:**

**Other deleterious constituents that may impact the integrity of the pipeline must be instituted. Filters/separators must be installed at locations where gas is received into the pipeline to minimize the entry of contaminants and to protect the integrity of downstream pipeline segments. Gas quality monitoring equipment must be installed to permit the operator to manage the introduction of contaminants and free liquids into the pipeline.**

Rockies Express did not institute its gas quality monitoring and control program in a manner that mitigated the entry of contaminants and ensured that the contaminants did not exceed the limits prescribed in SP Condition 28. The SCADA system recorded a total of 870 alarms indicating the gas quality exceeded the maximum limit, yet no mitigation measures were taken.

**5. Condition 24**

**SCADA Procedures: A detailed procedure for establishing and maintaining accurate SCADA set points must be established to ensure the pipeline operates within acceptable design limits at all times.**

Rockies Express failed to establish a detailed procedure to ensure accurate SCADA set points for its gas quality monitoring and control program were maintained. The accuracy of SCADA set points was not verified during, after, or as a result of calibrations on equipment required for monitoring the gas quality limits prescribed in SP Condition 28.

Proposed Civil Penalty

Under 49 United States Code, §60122, you are subject to a civil penalty not to exceed \$200,000 for each violation for each day the violation persists up to a maximum of \$2,000,000 for any 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 \$67,400 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$28,700
2	\$38,700

Proposed Compliance Order

With respect to item numbers 3, 4 and 5 pursuant to 49 United States Code §60118(b), the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Rockies Express Pipeline, LLC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

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. 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). 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 3-2013-1002** and for each document you submit, please provide a copy in electronic format whenever possible.

Right to Modify, Suspend, or Revoke a Special Permit

Issuance of this enforcement action does not preclude PHMSA's authority to seek modification, suspension or revocation of the special permit issued under PHMSA-2006-23998 Notice 2 at any time, as provided in 49 C.F.R. §190.341(h)(1).(v). If such action is taken, PHMSA will provide Rockies Express Pipeline, LLC with the opportunity to show cause why the proposed action should not be taken.

Sincerely,

David Barrett  
Director, Central Region  
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*  
*Response Options for Pipeline Operators in Compliance Proceedings*

## **PROPOSED COMPLIANCE ORDER**

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Rockies Express Pipeline, LLC a Compliance Order incorporating the following remedial requirements to ensure compliance with the Special Permit Order issued on July 11, 2006.

1. In regard to Item Number 3 of the Notice pertaining to procedures for SCADA set points and operation within acceptable design limits at all times, Rockies Express Pipeline, LLC must, within 30 days of receipt of the Final Order, develop and implement enhanced procedures for pipeline control which ensure that all methods or modes of operation of the pipeline (manual, local, remote, automatic, emergency) have an equivalent level of safety with respect to maintaining mainline pressure set points, or PHMSA may issue a show cause letter modifying, revoking, or suspending the Order issued under PHMSA-2006-23998 Notice 2.
2. In regard to Item Number 4 of the Notice pertaining to the requirement for Rockies Express to institute an acceptable gas quality monitoring and mitigation program to not exceed the established limits, Rockies Express must, within 90 days of receipt of the Final Order, institute a program to monitor and mitigate gas quality problems which requires a documented investigation and mitigating actions whenever the limits are exceeded, or PHMSA may issue a show cause letter modifying, revoking, or suspending the Order issued under PHMSA-2006-23998 Notice 2.
3. In regard to Item Number 5 of the Notice pertaining to the requirement for Rockies Express to establish and maintain accurate SCADA set points for gas quality, Rockies Express must, within 90 days of the receipt of the Final Order, develop detailed procedures for ensuring that SCADA set points are calibrated on a point-to-point basis with all field equipment used to monitor the pipeline or PHMSA may issue a show cause letter modifying, revoking, or suspending the Order issued under PHMSA-2006-23998 Notice 2.
4. Submit the results of the Proposed Compliance Order Items above to David Barrett, Director, Central Region.