

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 27, 2013

Mr. Dwayne Burton
Vice President, Engineering/Operations
KMI Pipeline
500 Dallas Street, Suite 1000
Houston, TX 77002

CPF 5-2013-1003W

Dear Mr. Burton:

Pursuant to our Interstate Agent Agreement with the Arizona Corporation Commission (ACC), the ACC as representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, conducted an annual inspection of El Paso Natural Gas/KMI Pipeline. This inspection was conducted between July 2012 and December 2012 at El Paso Natural Gas field offices located in Flagstaff, Phoenix, Thatcher, Ehrenberg, and Tucson, Arizona; and Gallup, New Mexico.

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 probable violations are:

1. §192.465(d) External corrosion control: Monitoring.

(d) Each operator shall take prompt remedial action to correct any deficiencies indicated by the monitoring.

During the records review of item #13C of the Consent Agreement, it was noted that Kinder Morgan did not update their maps and/or records in a timely manner. Specifically, the 2008 installation of Electrolysis Test Station (ETS) on the CalNev 8-inch between Bracken Junction and Las Vegas was not included on Kinder Morgan's maps and records after more than three (3) years. Therefore, we consider the maps reviewed not to be current.

2. §192.743(b) Pressure limiting and regulating stations: Capacity of relief device

(b) If review and calculations are used to determine if a device has sufficient capacity, the calculated capacity must be compared with the rated or experimentally determined relieving capacity of the device for the conditions under which it operates. After the initial calculations, subsequent calculations need not be made if the annual review documents that parameters have not changed to cause the rated or experimentally determined relieving capacity to be insufficient.

Documentation provided during this inspection for the 2009 and 2010 inspections of the Somerton City Gate station demonstrated that the capacity of the regulators exceeded the relief capacity of the relief valve installed on this station. In addition, the capacity of the relief valve and regulator on records dated 4-21-10 and 5-16-12 were incorrectly entered. Furthermore, the 2009 records for this station failed to include any capacity information.

The relief valve at the Duncan No. 2 station is set at the station's documented MAOP of 75 psi. According to the station inspection report for the 2012 calendar year, the relief valve capacity listed on the report is 60 MCFH, which is greater than the regulator's capacity of 24.6 MCFH. However, according to the relief valve manufacturer's bulletin, the capacity listed in the inspection report only happens at the set point of 75 psi plus 25 psi buildup pressure. Therefore, the capacity only takes place when the relief valve inlet pressure is 100 psi. Based on the above information, without conducting a full flow test there exists the possibility of an over pressure on the downstream pipeline. KMI cannot currently ensure the Duncan #2 station has a relief device with adequate capacity.

3. §192.707 Line markers for mains and transmission lines

(a) Buried pipelines. Except as provided in paragraph (b) of this section, a line marker must be placed and maintained as close as practical over each buried main and transmission line:

(1) At each crossing of a public road and railroad

There were no line markers on the 2103 line where the pipeline crossed underneath Roadrunner and Bilby Roads in the South Tucson area.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item(s) identified in this letter. Failure to do so will result in El Paso Natural Gas/KMI Pipeline Partners being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2013-1003W**. 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).

Sincerely,

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

cc: PHP-60 Compliance Registry
PHP-500 T. Finch (#141919 & 138177)
Mr. Robert Miller, Arizona Corporation Commission
Mr. Reji George, El Paso Natural Gas (Kinder Morgan/KMI Pipeline)