NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 26, 2009

Mr. Dwayne Burton
Vice President
Kinder Morgan
500 Dallas Street, Suite 1000
Houston, TX 77002

CPF 5-2009-1005M

Dear Mr. Burton:

On April 14 through 16, 2009, representatives from Western Region, Southwest Region, and Central Region of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, conducted a Team Inspection of Kinder Morgan's (KM) Operations and Maintenance Manual at your company's office in Lakewood, Colorado.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Kinder Morgan's plans or procedures, as described below:

1. §191.15 Transmission and gathering systems: Incident report.
(b) Where additional related information is obtained after a report is submitted under paragraph (a) of this section, the operator shall make a supplemental report as soon as practicable with a clear reference by date and subject to the original report.

KM did not address in its Operations and Maintenance (O&M) Procedure 159 pertaining to a Supplemental Report. Part 191.15(b) requires the operator to submit a Supplemental Report as soon as practical with a clear reference by date and subject to the original report.

2. §191.25 Filing safety-related condition reports.

(a) Each report of a safety-related condition under §191.23(a) must be filed (received by the Associate Administrator, OPS) in writing within five working days (not including Saturday, Sunday, or Federal Holidays) after the day a representative of the operator first determines that the condition exists, but not later than 10 working days after the day a representative of the operator discovers the condition. Separate conditions may be described in a single report if they are closely related. Reports may be transmitted by telefacsimile (fax), dial (202) 366-7128.

KM O&M Procedure 3.1.2 terminology with respect to the five (5) and ten (10) days reporting requirement is not consistent with the required outlined in Part 192.25(a).

3. §192.179 Transmission line valves.

(a) Each transmission line, other than offshore segments, must have sectionalizing block valves spaced as follows, unless in a particular case the Administrator finds that alternative spacing would provide an equivalent level of safety:

(1) Each point on the pipeline in a Class 4 location must be within 2 ½ miles (4 kilometers) of a valve.

(2) Each point on the pipeline in a Class 3 location must be within 4 miles (6.4 kilometers) of a valve.

(3) Each point on the pipeline in a Class 2 location must be within 7 ½ miles (12 kilometers) of a valve.

(4) Each point on the pipeline in a Class 1 location must be within 10 miles (16kilometers) of a valve.

KM O&M Procedures, the Engineering Design Manual and the Constructions Standards Manual did not address the valve spacing with respect to either new construction or any modifications to the existing pipelines.

4. §192.605 Procedural manual for operations, maintenance, and emergencies

(b) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(8) Periodically reviewing the work done by operator personnel to determine the effectiveness and adequacy of the procedures used in normal operation and maintenance and modifying the procedure when deficiencies are found.

KM O&M Procedure 100, Section 3.2 did not address the details of how KM would review the work done by the operator's personnel to determine whether the procedures that their personnel follow are adequate for the given task or situation.

5. §192.605 Procedural manual for operations, maintenance, and emergencies

(c) Abnormal operation. For transmission lines, the manual required by paragraph (a) of this section must include procedures for the following to provide safety when operating design limits have been exceeded:

(2) Checking variations from normal operation after abnormal operation has ended at sufficient critical locations in the system to determine continued integrity and safe operation.

KM O&M Procedures 1101 and 1102 did not have adequate procedures to check for variations from normal operations after an abnormal operation has ended at critical locations in the system for safe operation.

6. §192.605 Procedural manual for operations, maintenance, and emergencies
(c) Abnormal operation. For transmission lines, the manual required by paragraph (a) of this section must include procedures for the following to provide safety when operating design limits have been exceeded:
(4) Periodically reviewing the response of operator personnel to determine the effectiveness of the procedures controlling abnormal operation and taking corrective action where deficiencies are found.

KM O&M Procedures 1101 & 1102 did not specify how KM would review the response of the operator's personnel to determine whether the procedures that their personnel follow are adequate to control an abnormal operation and to take corrective action where deficiencies are found.

7. §192.614 Damage prevention program.
(c) The damage prevention program required by paragraph (a) of this section must, at a minimum:
(5) Provide for temporary marking of buried pipelines in the area of excavation activity before, as far as practical, the activity begins.

KM O&M Procedure 204 did not have adequate procedures to address how they would temporarily mark buried pipelines in the area of excavation activity before the activity begins.

8. §192.605 Procedural manual for operations, maintenance, and emergencies
(d) Safety-related condition reports. The manual required by paragraph (a) of this section must include instructions enabling personnel who perform operation and maintenance activities to recognize conditions that potentially may be safety-related conditions that are subject to the reporting requirements of §191.23 of this subchapter.

KM O&M Procedure 214 did not have adequate procedures to direct the employees who perform O&M activities to recognize or identify SRCs in the field.

9. §192.711 Transmission lines: General requirements for repair procedures.
(a) Each operator shall take immediate temporary measures to protect the public whenever:
(1) A leak, imperfection, or damage that impairs its serviceability is found in a segment of steel transmission line operating at or above 40 percent of the SMYS; and
(2) It is not feasible to make a permanent repair at the time of discovery.

KM O&M Procedure 213 did not require the operator to take immediate temporary measures to protect the public when the conditions noted in this subpart exist.

10. §192.713 Transmission lines: Permanent field repair of imperfections and damages.
(a) Each imperfection or damage that impairs the serviceability of pipe in a steel transmission line operating at or above 40 percent of SMYS must be-
(1) Removed by cutting out and replacing a cylindrical piece of pipe;

KM O&M Procedure 213 did not have adequate procedures to require a permanent field repair of imperfections and damages in a steel transmission line to be replaced with a cylindrical piece of pipe that is greater than or equal to the design strength of the pipe.

11. §192.225 Welding Procedures
(a) Welding must be performed by a qualified welder in accordance with welding procedures qualified under section 5 of API 1104 (incorporated by reference, see §192.7) or section IX of the ASME Boiler and Pressure Vessel Code " Welding and Brazing Qualifications" (incorporated by reference, see §192.7) to produce welds meeting the requirements of this subpart. The quality of the test welds used to qualify welding procedures shall be determined by destructive testing in accordance with the applicable welding standard(s).

KM's procedures throughout the applicable parts of the O&M and welding manuals are inconsistent in referencing the most current or latest approved versions of API 1104 and ASME Section IX.

12. §192.225 Welding Procedures
(b) Each welding procedure must be recorded in detail, including the results of the qualifying tests. This record must be retained and followed whenever the procedure is used.

KM O&M Procedure 407 did not have adequate procedures to require that each welding procedure is not only recorded in detail but also include the results of the qualifying tests. KM's procedures do not discern in the O&M Manual about the retention timeframe of each qualifying test compared to retention of the welding procedure itself.

13. §192.243 Nondestructive testing.
(f) When nondestructive testing is required under §192.241(b), each operator must retain, for the life of the pipeline, a record showing by milepost, engineering station, or by geographic feature, the number of girth welds made, the number nondestructively tested, the number rejected, and the disposition of the rejects.

KM O&M Procedure Series 1400 did not have adequate procedures because it did not require NDT test records to contain all pertinent the information as required by this subpart.

14. §192.461 External corrosion control: Protective coating.

(a) Each external protective coating, whether conductive or insulating, applied for the purpose of external corrosion control must-

(2) Have sufficient adhesion to the metal surface to effectively resist underfilm migration of moisture;

(3) Be sufficiently ductile to resist cracking;

(4) Have sufficient strength to resist damage due to handling and soil stress; and,

(5) Have properties compatible with any supplemental cathodic protection.

(b) Each external protective coating which is an electrically insulating type must also have low moisture absorption and high electrical resistance.

KM O&M Procedure 203 and Corrosion Procedure 1082 for pipeline coatings did not address or include the requirements outlined in 192.461(a)(2-5) and 192.461(b).

15. §192.476 Internal corrosion control: Design and construction of transmission line.

(a) Design and construction. Except as provided in paragraph (b) of this section, each new transmission line and each replacement of line pipe, valve, fitting, or other line component in a transmission line must have features incorporated into its design and construction to reduce the risk of internal corrosion. At a minimum, unless it is impracticable or unnecessary to do so, each new transmission line or replacement of line pipe, valve, fitting, or other line component in a transmission line must:

(1) Be configured to reduce the risk that liquids will collect in the line;

(2) Have effective liquid removal features whenever the configuration would allow liquids to collect; and

(3) Allow use of devices for monitoring internal corrosion at locations with significant potential for internal corrosion.

KM O&M Series 900 procedures and Series 1700 I&M procedures did not require new transmission lines and its components be designed and constructed to reduce the risk of internal corrosion.

16. §192.476 Internal corrosion control: Design and construction of transmission line.

(c) Change to existing transmission line. When an operator changes the configuration of a transmission line, the operator must evaluate the impact of the change on internal corrosion risk to the downstream portion of an existing onshore transmission line and provide for removal of liquids and monitoring of internal corrosion as appropriate.

KM O&M Series 900 procedures and Series 1700 I&M procedures did not require changes to existing transmission line to be evaluated for the impact of the change on internal corrosion risk to the downstream portion of an existing line and to provide for removal of liquids and monitoring of internal corrosion as appropriate.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. 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.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

In correspondence concerning this matter, please refer to **CPF 5-2009-1005M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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 B. Brown (#124539)