

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 10, 2009

Mr. Ron McClain
Vice President Operations
Kinder Morgan
500 Dallas Street, Suite 1000
Houston, TX 77002

CPF 5-2009-5033

Dear Mr. McClain:

On June 5, 2008 and June 20, 2008, a representative of the California State Fire Marshal (CSFM) acting as an agent for the Western Region, Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Section 60106(a) of Title 49, United States Code, conducted an onsite failure investigation following the June 4, 2008 release from your LS111 pipeline. Specifically, CSFM representatives determined the cause of the release by examining pipeline facilities at the Indio Block Valve (MP 72.579) release site and relevant operation and maintenance records at your Bloomington, CA and Orange, CA offices. We also reviewed KinderMorgan's Root Cause Analysis that was conducted following this release.

As a result of the investigation, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations, and Part 195. These violations were determined to contribute to the petroleum release. The items inspected and the probable violations are:

1. §195.402 Procedural manual for operations, maintenance, and emergencies.

(c)(13) Periodically reviewing the work done by operator to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found.

The Root Cause analysis conducted by KinderMorgan (KM) substantiates that KM should have periodically reviewed the O&M main line block valve replacement procedures for effectiveness. Supporting the 20" line and two block valves with a dirt plug and then tying the vaults together with 4x4 wooden supports was inadequate, especially on an active line. In this case, a 3/4" threaded nipple broke when the load shifted. KM did not take into consideration that the dirt plug could shift due to nearby traffic and railroad activity. This failure by KM to periodically review their main line block valve replacement procedures to ensure they were effective contributed to the release of petroleum.

2. §195.422. Pipeline Repairs.

(a) Each operator shall, in repairing its pipeline systems, insure that the repairs are made in a safe manner and are made so as to prevent damage to persons or property.

KinderMorgan failed to properly support the upstream pipe vault resulting in the vault shifting vertically due to loss of soil bearing support. Kinder Morgan procedure L-O&M 204 (Excavating Pressurized Lines and Excavating near Other Utilities), Section 3.8.2 states "The KM excavators will support and protect exposed underground facilities from damage." The movement of the steel vault placed pressure on the 3/4" pressure transmitter piping causing a failure at the threaded nipple connection.

3. §195.505. Qualification program.

(h) After December 16, 2004, provide training, as appropriate, to ensure individuals performing covered tasks have the necessary knowledge and skills to perform the tasks in a manner that ensures the safe operation of pipeline facilities.

One of KinderMorgan's covered tasks is Motor Operated Valve (MOV) replacement. Kinder Morgan's Operator Qualification program did not ensure that individuals receive additional training in regard to MOV replacement, regarding stresses on small diameter piping, proper support, recognizing potential hazards of small diameter piping, vaults and lock out tag out procedures.

Proposed Compliance Order

With respect to Items 1 through 3 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Kinder Morgan. 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 5-2009-5033** 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

cc: Bob Gorham - CSFM
PHP-60 Compliance Registry
PHP-500 T. Finch (#120762)

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 KinderMorgan (KM) a Compliance Order incorporating the following remedial requirements to ensure the compliance of KM with the pipeline safety regulations:

1. In regard to Item number 1 of the Notice pertaining to KinderMorgan failing to review the work done periodically by operator to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found. KinderMorgan shall revise their maintenance procedures to incorporate, as applicable, §419 of ASME/ANSI B31.4, to include any added stress that may be found or imposed during Motor Operated Valve (MOV) replacements.
2. In regard to Item number 2 of the Notice pertaining to KinderMorgan failing to insure that the repairs are made in a safe manner and are made so as to prevent damage to persons or property. KinderMorgan identified, in their Root Cause Analysis, nine recommendations and action items that they will do to prevent a reoccurrence of the incident. Kinder Morgan shall review the nine action items to ensure they are adequate and are being implemented.
3. In regard to Item number 3 of the Notice pertaining to KinderMorgan failing to ensure individuals performing covered tasks have the necessary knowledge and skills to perform the tasks in a manner that ensures the safe operation of pipeline facilities. KinderMorgan shall revise their Operator Qualification program to ensure individuals receive additional training in regard to MOV replacement, minimizing stresses on small diameter piping, providing proper pipeline support, recognizing potential hazards to small diameter piping and vaults, and implementing lock out tag out procedures.
4. KinderMorgan must complete the item described above within 60 days of receipt of the Final Order.
5. KinderMorgan shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Chris Hoidal, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. Costs shall be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.