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April 3, 2008

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Mr. Chris Hoidal  
Director, Western Region  
US Department of Transportation  
Pipeline and Hazardous Material Administration  
12300 W. Dakota Ave. Suite 110  
Lakewood, CO

Re: CPF No. 5-2008-5005W

Dear Mr. Hoidal:

On August 13-17, and October 22-25 2007, a representative from the Pipeline and Hazardous Materials Safety Administration (PHMSA) Western Region, conducted an on-site pipeline safety inspection of Kinder Morgan Pipelines (USA) Inc. ("Kinder Morgan") facilities in Wyoming and Montana and the corresponding operating manuals and records located in Casper, WY. As a result of the inspection, Kinder Morgan was issued a "Warning Letter" dated March 6, 2008. Kinder Morgan understands that a response to PHMSA for this "Warning Letter" is not required, however, it is Kinder Morgan's practice to provide PHMSA with information regarding the status of alleged deficiencies in order to bring closure.

The "Warning Letter" specifically identified 3 items of concern. The alleged deficiencies are noted below in normal text and the mitigation taken by Kinder Morgan is detailed in the ***bold and italic*** text that follows.

1) 49 CFR 195.575; Which facilities must I electrically isolate and what inspections, tests, and safeguards are required? At Express pipeline Station 23163+91, where Colorado Interstate Gas (CIG) has a compressor station, the Express Pipeline is experiencing high cathodic protection (CP) "off" levels.... ***Express Station 23163+91 (near Colorado Interstate Gas (CIG) Bridger Creek compressor station) was experiencing high cathodic protection "off" levels. The high "off" levels are believed to be caused by foreign CP interference. To determine the cause of the interference, Kinder Morgan interrupted all rectifiers in the area including CIG, Rocky Mountain Pipeline, and Red Butte as well as the Express rectifiers at Lost Cabin and Kirby Stations. The CIG ground bed was physically relocated to a new location and the interference from CIG has been eliminated. Additional testing found interference from the Red Butte rectifier which has contributed to the Express high "off" readings. To eliminate the interference from Red Butte, Kinder Morgan ran a lead from test point 23166+01 to the abandoned CIG surface bed inside the CIG Bridger Station and is draining 0.5 amps off Express back to the CIG abandoned bed.***

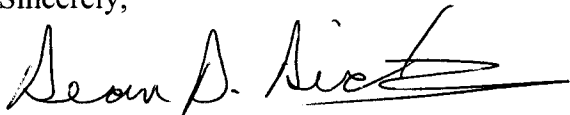
***Express readings at 23163 +91 have leveled to an acceptable reading of -1.340 "on" and -1.040 "off" after the bond to the CIG abandoned bed was made. Kinder Morgan will continue to monitor the bond and test point during the bi-monthly rectifier and bond readings.***

2) 49 CFR 195.555; What are qualifications for Supervisors? Records showing verification of corrosion control supervisors' knowledge of the corrosion control procedures for which they are responsible was inadequate... ***Kinder Morgan has recently completed an internal reorganization which resulted in the realignment of all corrosion responsibilities. Effective January 16, 2008, the responsibility for all Subpart H activities on Express/Platte is overseen and directed by the "Pipeline Protection Supervisor." The Pipeline Protection Supervisor maintains his knowledge of company specific procedures via an annual review and update of the procedures found in the Kinder Morgan Corrosion Manual. The annual review of the corrosion manual is documented through an internal work order system (IVARA). The Corrosion Field Technicians report all Subpart H issues directly through the Pipeline Protection Supervisor. Additionally, the Pipeline Protection Supervisor's general operational knowledge with regards to corrosion is maintained and kept current through ongoing continuing education requirements by NACE.***

3) 49 CFR 195.583; What must I do to monitor atmospheric corrosion control? KM reported that they have been making repairs to remediate deficiencies noted in their 2006 atmospheric corrosion inspection but they have not been documenting those repairs. As required by 195.583 and 195.589, KM must document remedial measures taken as a result of atmospheric corrosion inspections. ***Kinder Morgan made repairs to Express Station and Block Valve air/soil interfaces but had not included the repair documentation in the project files. In response to the 2007 PHMSA inspection, Kinder Morgan has now included the appropriate prior documentation for these repairs in the project files and will continue to document future repairs of this on-going process in the project files.***

Based on the information provided above, Kinder Morgan believes that all of the alleged issues stemming from the March 6, 2008 "Warning Letter" have been properly mitigated and all outstanding concerns of PHMSA have been fully addressed. If you would like further clarification or documentation on any of these issues please do not hesitate to contact me at (307) 233-6169 or Christopher Murray at (307)233-6181.

Sincerely,



Dean D. Dick  
Operations Director Southern Region