



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

8701 South Gessner, Suite 1110
Houston, TX 77074

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 1, 2008

Mr. Ron McClain
V.P. Operations & Engineering
Kinder Morgan Energy Partners, L.P.
500 Dallas Street, Suite 1000
Houston, TX 77002

CPF 4-2008-5019W

Dear Mr. McClain:

On May 19-22 and July 8, 2008, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Cypress Pipeline records and facilities in Houston, TX, Mont Belvieu, TX, and various points along the pipeline route from Mont Belvieu, TX to Sulphur, LA.

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 items inspected and the probable violation(s) are:

1. **195.410 Line Markers.**
 - (a) Except as provided in paragraph (b) of this section, each operator shall place and maintain line markers over each buried pipeline in accordance with the following:
 - (2) The marker must state at least the following on a background of sharply contrasting color:
 - (ii) The name of the operator and a telephone number (including area code) where the operator can be reached at all times.

195.434 Signs.

Each operator must maintain signs visible to the public around each pumping station and breakout tank area. Each sign must contain the name of the operator and a telephone number (including area code) where the operator can be reached at all times.

A few pipeline markers and signs for the Cypress Pipeline did not display the correct emergency telephone number where the operator can be reached at all times. Kinder Morgan completed the sale of a portion of the Cypress Pipeline assets known as the "North System" near the end of calendar year 2007. This agreement transferred the emergency telephone number for the Cypress Pipeline to the new operator. After the sale, Kinder Morgan changed the emergency telephone number on the vast majority of markers for the portion of the Cypress Pipeline system that was retained. However, the field inspection revealed that a few markers still displayed the old emergency telephone number, including markers at Holis Road and a sign at the Westlake Chemical Plant site. Kinder Morgan must ensure that all of the Cypress Pipeline line markers display the correct emergency telephone number.

2. 195.428 Overpressure safety devices and overfill protection systems.

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

The testing employed by Kinder Morgan for pressure relief devices is not adequate to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation. Records indicate that the relief valve tests confirmed the exact set point in every test performed. During the field inspection, a qualified representative of the operator was asked to demonstrate the relief device testing process at Spindletop Pump Station. Once the selected relief device was isolated, inert gas was slowly applied until the valve was just slightly raised off of the seat as evidenced by a pressure gauge reading that oscillated narrowly above and below the set point. The operator explained that the relief device was not tested to the full open position due to the valve frequently failing to reseal after this type of test. However, this test does not adequately test the mechanical condition of the relief device and failure to reseal could result from debris within the device or a mechanical problem. Kinder Morgan must ensure that the testing being performed satisfies the requirements to confirm proper function, good mechanical condition, and adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

4. 195.577 What must I do to alleviate interference currents?

(a) For pipelines exposed to stray currents, you must have a program to identify, test for, and minimize the detrimental effects of such currents.

Kinder Morgan has not performed interference testing to ensure that stray currents are not producing a detrimental effect on the Cypress Pipeline system. Annual cathodic protection readings show a significant drop in potentials at several foreign pipeline crossings along the Cypress Pipeline route. Some examples include the Equilon crossing at milepost 1.8, the Sun Oil crossing at milepost 58.4, and the Exxon crossing at milepost 75.3. The operator must ensure that interference currents, possibly sourced from adjacent pipelines with impressed current cathodic protection systems, are not damaging the Cypress Pipeline.

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 Kinder Morgan Energy Partners, L.P. 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 4-2008-5019W**. 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,



R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous
Materials Safety Administration