



U.S. Department
of Transportation

Research and
Special Programs
Administration

400 Seventh Street, S.W.
Washington D.C. 20590

NOV 24 2004

Mr. Michael C. Morgan
President
Kinder Morgan Energy Partners, L.P.
500 Dallas Street, Suite 1000
Houston, TX 77002

Re: CPF No. 5-2004-5037-H

Dear Mr. Morgan:

Enclosed is a Corrective Action Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It requires you to take certain corrective actions with respect to your CalNeV 14-inch products pipeline. Service is being made by certified mail and facsimile. Your receipt of this Corrective Action Order constitutes service of that document under 49 C.F.R. § 190.5. The terms and conditions of this Corrective Action Order are effective upon receipt.

Sincerely,

for James Reynolds
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosure

cc. Mr. Jerry Milhorn, Vice President, Operations
Mr. Thomas A. Bannigan, President, Products Pipelines

VIA CERTIFIED MAIL (RETURN RECEIPT REQUESTED) AND TELECOPY

DEPARTMENT OF TRANSPORTATION
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, DC 20590

In the Matter of)
)
Kinder Morgan Energy Partners, L.P.,)
)
Respondent.)
)

CPF No. 5-2004-5037-H

CORRECTIVE ACTION ORDER

Purpose and Background

This Corrective Action Order is being issued, under authority of 49 U.S.C. § 60112, to require Kinder Morgan Energy Partners, L.P. (Respondent) to take the necessary corrective action to protect the public, property, and the environment from potential hazards associated with a failure involving Respondent's 14-inch hazardous liquid pipeline used to transport product from Colton, CA, to Las Vegas, Nevada.

On or about November 21, 2004, a failure occurred on Respondent's 14-inch products line near Interstate 15 in San Bernardino County, CA resulting in the release of gasoline. Pursuant to 49 U.S.C. § 60117, the Western Region, Office of Pipeline Safety (OPS) initiated an investigation of the incident. The California State Fire Marshal, which, as an interstate agent for OPS, inspects the line for compliance with pipeline safety regulations, is participating in the investigation.

Preliminary Findings

- On or about November 21, 2004, Respondent's 14-inch Colton-Las Vegas products pipeline experienced a failure in San Bernardino County, CA resulting in the release of an unknown quantity of gasoline near Baker, California.
- Respondent's technician smelled gasoline at approximately 10:30 p.m. on November 21 at Zzyzx Road and Interstate 15 and reported the smell to the control center. Respondent shut down both the 14-inch line and the parallel 8-inch jet fuel line immediately. The SCADA system did not immediately detect the failure and the Respondent's line rider visually confirmed it the following morning at approximately 6:24 a.m. on November 22. Respondent has reported the release to the National Response Center.

- No fires, injuries, or fatalities were reported in connection with the incident. However, Interstate 15 between Baker and Barstow, CA, was closed on the morning of November 22 because of the gasoline vapors. Interstate 15 is the main highway route to Las Vegas, Nevada.
- Respondent's Colton-Las Vegas 14-inch line transports refined petroleum products including gasoline. Portions of the pipeline are near or cross highways.
- The cause of the failure has not yet been determined. However initial visual examination indicates possible past third party damage. Fiber optic cable was installed by at least three companies along approximately 50 per cent of the line during the 1980's.
- Respondent has removed and transported the section of pipe containing the leak origin to a metallurgist for detailed analysis. Both the California State Fire Marshal and California's Fish and Game agency concurred in the process of transmittal to the metallurgist.
- The segment of the line that failed was installed in 1973 and is constructed of 14-inch nominal diameter, 0.312-inch wall thickness, X-52 grade, electric resistance welded pipe. The line has Polyken 980 tape coating and is cathodically protected by impressed current.
- The maximum operating pressure (MOP) of the Barstow-Baker segment was established by hydrotest in 1973.
- Respondent performed internal inspections on the Barstow-Baker 14-inch line in 1998 and again in 2004. At this stage of the investigation, OPS does not have any information indicating a causal factor other than third party damage or the results of the internal inspections.

Determination of Necessity for Corrective Action Order and Right to Hearing

Section 60112 of Title 49, United States Code, provides for the issuance of a Corrective Action Order, after reasonable notice and the opportunity for a hearing, requiring corrective action, which may include the suspended or restricted use of a pipeline facility, physical inspection, testing, repair, replacement, or other action as appropriate. The basis for making the determination that a pipeline facility is hazardous, requiring corrective action, is set forth both in the above-referenced statute and 49 C.F.R. §190.233, a copy of which is enclosed.

Section 60112, and the regulations promulgated thereunder, provides for the issuance of a Corrective Action Order without prior opportunity for notice and hearing upon a finding that failure to issue the Order expeditiously will result in likely serious harm to life, property or the environment. In such cases, an opportunity for a hearing will be provided as soon as practicable after the issuance of the Order.

After evaluating the foregoing preliminary findings of fact, I find that the continued operation of Respondent's 14-inch hazardous liquid pipeline without corrective measures would be hazardous to life, property and the environment. Additionally, after considering the age of the pipe, the proximity of the pipeline to highways and other sources of ignition and population, the flammable

nature of the products the pipeline transports, the pressure required for transporting the material, and the need to support the ongoing investigation to determine the cause of the failure, I find that a failure to expeditiously issue this Order requiring immediate corrective action would likely result in serious harm to life, property, or the environment.

Accordingly, this Corrective Action Order mandating immediate corrective action is issued without prior notice and opportunity for a hearing. The terms and conditions of this Order are effective upon receipt.

Within 10 days of receipt of this Order, Respondent may request a hearing, to be held as soon as practicable, by notifying the Associate Administrator for Pipeline Safety in writing, delivered personally, by mail or by telecopy at (202) 366-4566. The hearing will be held in Lakewood, CO or Washington, DC on a date that is mutually convenient to OPS and Respondent.

After receiving and analyzing additional data in the course of this investigation, OPS may identify other corrective measures that need to be taken. In that event, Respondent will be notified of any additional measures required and amendment of this Order will be considered. To the extent consistent with safety, Respondent will be afforded notice and an opportunity for a hearing prior to the imposition of any additional corrective measures.

Required Corrective Action

Pursuant to 49 U.S.C. § 60112, I hereby order Kinder Morgan Energy Partners, L.P. to immediately take the following corrective actions with respect to that portion of its Colton-Las Vegas 14-inch hazardous liquid pipeline:

1. Prior to resuming operation of the segment taken out of service following the failure, submit start-up procedures to the Director, Western Region, OPS for prior approval. This approval process may be done verbally, in which case Respondent shall provide subsequent written documentation that it initiated start-up of the line in accordance with its established procedures. The procedures must provide for sufficient pressure monitoring, surveillance to ensure that no leaks are present when operation of the line is resumed, and weekly patrolling of the right-of-way with the first patrol to occur immediately after resuming operation of the line.
2. With respect to the metallurgical testing of the failed pipe section,
 - (A) Confirm in writing that the pipe and all other evidence is collected, catalogued, and sealed in the presence of OPS or an OPS representative and the chain-of-custody documented;
 - (B) Provide the testing protocol.
 - (C) Prior to commencing the metallurgical testing, provide the Director, Western Region, OPS with the scheduled date, time, and location of the testing to allow an OPS representative to witness it;

- (D) Ensure that the laboratory distributes all resulting metallurgical reports, whether draft or final, to OPS at the same time as they are made available to Respondent.
3. Within 14 days of receipt of this Order,
- (A) Re-evaluate the data from the in-line inspection tool runs performed in 1998 and 2004, including information obtained from the resulting excavations, for the purpose of determining whether anomalies possibly due to third party damage or other anomalies were present that could have contributed to the failure, whether any other anomalies of a similar magnitude are present elsewhere on the pipeline.
- (B) Take immediate corrective action, including as appropriate pressure reduction or repair, that is called for by the anomalies.
- (C) Make the in-line inspection results, and any corrective actions taken, available to OPS or its representative.
4. Submit written materials required by this order to: Director, Western Region, Office of Pipeline Safety, 12300 West Dakota Avenue, Suite 110, Lakewood, CO 80228.
5. The Director, Western Region, OPS may grant an extension of time for compliance with any of the terms of this Order for good cause. A request for an extension must be in writing.

The corrective actions required by this Corrective Action Order are in addition to and do not waive any requirements that apply to the pipeline under 49 C.F.R. Part 195, including the integrity management program regulations.

Respondent may appeal any decision of the Director to the Associate Administrator for Pipeline Safety. Decisions of the Associate Administrator shall be final.

Failure to comply with this Order may result in the assessment of civil penalties of not more than \$100,000 per day and in referral to the Attorney General for appropriate relief in United States District Court.



Stacey Gerard
Associate Administrator
for Pipeline Safety

NOV 24 2004

Date Issued