

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 30, 2015

Mr. Tom Martin
President, Natural Gas Pipelines
Kinder Morgan, Inc.
1001 Louisiana Street, Suite 1000
Houston, Texas 77002

CPF 3-2015-1002

Dear Mr. Martin:

On August 20-22 and November 5-7, 2013, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code inspected the implementation of Kinder Morgan, Inc.'s (KMI) gas integrity management program in Houston, Texas, and its Natural Gas Pipeline Company of America (NGPL) records and field operations in Joliet, Illinois, respectively.

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 is:

1. §192.933 (d)(1)(ii) What actions must be taken to address integrity issues?

Special requirements for scheduling remediation – (1) Immediate repair conditions. An operator’s evaluation and remediation schedule must follow ASME/ANSI B31.8S, section 7 in providing for immediate repair conditions. To maintain safety, an operator must temporarily reduce operating pressure in accordance with paragraph (a) of this section or shut down the pipeline until the operator completes the repair of these conditions. An operator must treat the following conditions as immediate repair conditions:

- (ii) **A dent that has any indication of metal loss, cracking or a stress riser.**

KMI failed to temporarily reduce its operating pressure after receiving evidence that six dents with metal loss, representing immediate conditions per 49 CFR §192.933(d)(1)(ii) on pipeline segments that are located in High Consequence Areas. KMI was provided the information needed to determine that the immediate conditions existed on May 6, 2010, but did not reduce its operating pressure until May 13, 2010.

KMI received the vendor final report on May 6, 2010, for the ILI run from Compressor Station 13 to Brainard Road. This was confirmed by KMI via email to a Central Region inspector. Dents with metal loss are “immediate repair” conditions per 49 CFR 192.933 (d)(1)(ii) which require an immediate pressure reduction be taken until repairs are completed. KMI did not reduce pressure until May 13, 2010, seven days after the immediate conditions were identified.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation and has recommended that you be preliminarily assessed a civil penalty of \$47,500.

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. All material you submit in response to this enforcement action may be 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 thirty (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 3-2015-1002** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Allan C. Beshore
Director, Central Region, OPS
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Response Options for Pipeline Operators in Compliance Proceedings*

cc: Mr. Gary Buchler
Vice President - Engineering/Operations
Kinder Morgan, Inc.
1001 Louisiana Street, Suite 1000
Houston, Texas 77002