



U.S. Department
of Transportation

Research and
Special Programs
Administration

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

MAR 17 2003

VIA CERTIFIED MAIL (RETURN RECEIPT REQUESTED)

Mr. Bill White
Vice President of Operations & Engineering
Kinder Morgan Energy Partners, L.P.
1100 Town & Country Road
Orange, California 92868

Re: CPF No. 4-2001-5010-H

Dear Mr. White:

Enclosed is an Amendment to Corrective Action Order. The Corrective Action Order that was issued on March 14, 2001, placed a pressure restriction on the two line segments that comprise Kinder Morgan's Phoenix-Tucson-Davis Monthan AFB petroleum products pipeline. The March 14 Order also proposed an amendment to require additional measures.

This Amendment requires Kinder Morgan to maintain the current reduced operating pressure on its Phoenix-Tucson-Davis Monthan AFB line, and to proceed forward with Item 5 as proposed in the March 14 Order. This Amendment withdraws Items 3, 4, and 6 that were proposed in the March 14 Order.

Service is being made by certified mail. Your receipt of the enclosed document constitutes service of that document. The terms and conditions of this Amendment to Corrective Action Order are effective upon receipt.

Sincerely,

Gwendolyn M. Hill
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosure

cc: Andrew M. Taylor, Esq.
Bracewell & Patterson, LLP

Van P. Williams, Esq.
Kinder Morgan Energy Partners, LP

Mr. Edward A. "Buzz" Fant
Kinder Morgan Energy Partners, LP

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

In the Matter of)
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Kinder Morgan Energy Partners, L.P.,)
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Respondent.)
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CPF No. 4-2001-5010-H

AMENDMENT TO CORRECTIVE ACTION ORDER

Purpose and Background

On March 14, 2001, the Associate Administrator for Pipeline Safety issued a 'Corrective Action Order and Notice Proposing to Amend the Order Following Opportunity for a Hearing' (March 14 Order) finding that continued operation by Kinder Morgan Energy Partners, L.P. ('Respondent' or 'Kinder Morgan') of its Phoenix-Tucson-Davis Monthan AFB line would be hazardous to the public and the environment without implementation of corrective measures. Accordingly, the March 14 Order required that the pipeline be operated at a reduced pressure. (The March 14 Order referred to this parallel line segment as the Phoenix-Tucson line. As noted below, the two pipelines actually run from Phoenix to Tucson to Davis Monthan AFB. The pipelines will be referred to as line segments 53 and 54, or LS 53/54, in this document.) The Notice portion of the March 14 Order proposed requiring Respondent to develop and implement a work plan and schedule for performing coating evaluations on the line, and for repairing or replacing sections that were determined to require remedial measures (Items 3 and 4). The Notice portion also proposed requiring Respondent to develop a work plan and schedule for conducting a second internal inspection on LS 53/54, and for conducting internal inspections on other lines operating in Arizona, New Mexico, and Texas (Items 5 and 6).

Following issuance of the March 14 Order, Respondent requested an informal hearing, which took place in Houston, Texas on August 14, 2001. Respondent contested the terms of the March 14 Order, and also contested the proposed amendments to the March 14 Order. Respondent addressed the allegations in an August 9, 2001 letter, and in a follow-up letter dated August 14, 2001. After the hearing, Respondent provided additional information in correspondence dated August 27, 2001 and September 28, 2001. The September 28, 2001 correspondence was submitted in response to a written request by the presiding official of the hearing for additional information.

Addition and Correction of Information

The preliminary findings supporting the finding of hazardous facility are supplemented with the following information provided by Respondent in its correspondence dated August 14, 2001. Respondent submitted this correspondence to correct certain information that it asserted was erroneous.

Preliminary finding 1 indicated that Respondent operates parallel 6-inch pipelines from Phoenix to Tucson. In fact, the pipelines run from Phoenix to Tucson to Davis Monthan Air Force Base within the city of Tucson.

Preliminary finding 7 indicated that Respondent had made repairs to at least 60 locations along the Phoenix-Tucson line. Respondent actually performed repairs at 52 locations.

Preliminary finding 9 indicated that the Phoenix-Tucson line contains two segments with upgraded pipe, measuring 16.9 and 11.3 miles, respectively. This information was incorrect.

Preliminary finding 10 indicated that the average spacing between rectifiers is 3.5 miles. The average spacing is actually 3.9 miles.

Preliminary finding 13 indicated that Respondent's corrosion engineers and technicians attributed the extensive corrosion on its 8-inch El Paso-Tucson-Phoenix and 12-inch El Paso-Tucson lines to the poor condition of the coating on the pipelines. Respondent has taken the position that at no time did Santa Fe (the previous operator of the pipeline) ever attribute corrosion on the line to poor coating. Due to a lack of evidence, the preceding assertion will not be incorporated into the factual record.

Preliminary finding 14 indicated that the Director, Southwest Region wrote letters on August 15 and October 17, 1997 asking Respondent to submit plans for re-coating its 8-inch El Paso-Tucson-Phoenix line and for conducting internal inspections on its 12-inch El Paso-Tucson line. The item indicated that Respondent did not provide plans. Respondent alleged in its response that representatives of Kinder Morgan met with former Southwest Region Director Jim Thomas and two other OPS employees and were told verbally by Mr. Thomas that "he felt that the presentation and discussion satisfied the DOT request for information." (August 9, 2001 Response, p. 10). This information cannot be substantiated, and therefore is not incorporated into the factual record.

Respondent offered several other factual corrections which are noted as accurate. The remaining statements provided in Respondent's August 14, 2001 correspondence consisted of opinions that were the subject of debate between Respondent and OPS. These issues are addressed later in this decision.

After modification of the preliminary facts described above, I continue to find that the operation of this pipeline without corrective measures would be hazardous to life, property, and the environment.

Discussion

The total mileage for Respondent's 6" pipeline segment 53/54 is 137.8 miles. The line was first placed into service in 1956, and has experienced six leaks, all corrosion-related, according to Respondent. The first leak occurred in August of 1958, approximately two years after operations began. (Report of Kevin C. Garrity, p. 4). Cathodic protection rectifiers were first installed on the system in December 1957. (Report of Kiefner and Associates, Inc., p. 1). The most recent leak occurred in 1988. (Report of Kevin C. Garrity, p. 4).

Operating Pressure, Corrosion, and Coating

Item 1 under 'Required Corrective Action' in the March 14 Order directed Respondent to "maintain an operating pressure on the line that is equal to or less than 80% of the MOP." Respondent contested this item, arguing that it has "carefully repaired all significant anomalies so that the pipeline can withstand the original MOP pressure of 2000 psig." (August 14 Response, p. 10). In addition, Respondent contended that it has violated no DOT regulations.

More specifically, Respondent asserted that it is not violating any DOT regulations that address either cathodic protection or coating protection. (August 14 Response, p. 2).

Items 3 and 4 under the 'Proposed Amendment' section of the March 14 Order proposed requiring Respondent to "develop and implement a work plan for performing coating evaluations" and a schedule "for re-coating, repairing or replacing sections of the line that are determined by the coating evaluation to require remedial measures."

In its August 14 Response, Kinder Morgan asserted that a coating evaluation is not necessary because OPS has not demonstrated that active corrosion exists or that the cathodic protection in place on the system is inadequate. Respondent's corrosion control manager Brad Lewis testified that Kinder Morgan conducted tests at 59 areas, and found no signs of active corrosion. Both Respondent and its third-party corrosion expert Kevin C. Garrity testified that they believe all corrosion took place on the line in the first two years that the line was in operation, before cathodic protection was installed on the system. In an inter-office memo dated August 24, 2000, Mr. Lewis wrote at page 1: "Due to the number and early development of leaks on the line, it is reasonable to assume there was a significant amount of corrosion on this pipe dating back to the original construction."

Mr. Garrity, at p. 9 in his report, wrote: "The exact cause of the corrosion on the LS53/54 piping is indeterminate and likely occurred shortly after construction and prior to establishing effective cathodic protection."

While OPS did not dispute Respondent's finding of no active corrosion, OPS representatives testified that they believe the tests only demonstrate that active corrosion was not present on the day that each test was conducted. In other words, OPS asserted that the tests indicate conditions on the pipe only at the time that the test is taken, while active corrosion may have been present before or after the testing. Respondent did not refute the OPS position that the tests only indicate conditions