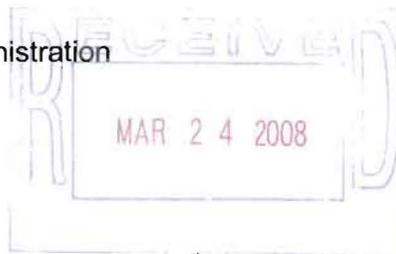




March 21, 2008

Via Certified Mail: 7005 1160 0001 7020 9649

Mr. R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration
8701 South Gessner, Suite 1110
Houston, TX 77074



RE: CPF 4-2008-5006W

Dear Mr. Seeley:

This letter is in response to your *Warning Letter* dated February 13, 2008 and received by our office on February 19, 2008, regarding the pipeline safety inspections of Kinder Morgan CO₂ L.P.'s Cortez, Central Basin, Common Reef Carriers and Centerline CO₂ pipeline systems in Texas, New Mexico and Colorado. These inspections were conducted in Calendar year 2007.

PHMSA indicates in the referenced letter that Kinder Morgan "appears ... to have committed probable violations of the Pipeline Safety Regulation Title 49, Code of Federal Regulations".

Kinder Morgan CO₂ L.P. is in the process of consolidating the existing Kinder Morgan CO₂ (KMCO₂) O&M Manual into the Liquids Operations & Maintenance (L-O&M) manual. The L-O&M procedures were reviewed by a team of PHMSA and state inspectors the week of November 29, 2006. KMCO₂ intends to implement the updated consolidated manual by August 1, 2008, by which time necessary training will be complete.

For your convenience, we have included the original proposed violation cited identified in bold text and then followed by our response identified by italic text.

1. **195.402 Procedural manual for operations, maintenance and emergencies.**
 - (d) **Abnormal operation. The manual required by paragraph (a) of this section must include procedures for the following to provide safety when operating design limits have been exceeded.**
 - (5) **Periodically reviewing the response of operator personnel to determine the effectiveness of the procedures controlling abnormal operation and taking corrective action where deficiencies are found.**

The Operator did not clearly demonstrate that a periodic review of procedures controlling an abnormal operation had been performed and any deficiencies corrected.

Initially, Operator personnel did not recall any AOC's that had occurred within the past three years. However, a review of PHMSA accident records indicated otherwise. Kinder Morgan personnel indicated that their initial response was an issue of terminology as most of their employee's identify occurrences defined under §195.402(d) as "emergencies". Operator personnel also stated that a review of the effectiveness of AOC procedures is performed annually as part of the overall Operation and Maintenance procedures review. PHMSA requested the Operator provide documentation of any procedure modification that had resulted from the annual review. Kinder Morgan uses an electronic system to document requests by employees for modification of procedures and clearly the system reflected several requests for procedure changes. However, the portion of the online screen designed to document the reason for procedure modification request had been left blank on all of the records reviewed. Therefore, there was no clear demonstration that tied requests for any of the procedures, or operation and maintenance procedures. The Operator needs to complete the documentation of the procedures modification requests to demonstrate procedures changes resulting from the required annual effectiveness review.

Kinder Morgan has reviewed its in house processes and procedures associated with this issue. Training has been provided to supervisors and their employee's to confirm their understanding of Abnormal Operations and Abnormal Operating Conditions. The incorporation of the L-O&M will ensure that any deficiencies discovered by observation, study of records, or discussion shall be analyzed and corrections or improvements instituted promptly.

2. 195.404 Maps and Records.

(b) Each operator shall maintain for at least 3 years daily operating records that indicate-

(2) Any emergency or abnormal operation to which the procedures under §195.402 apply.

The Operator was not able to accurately present records documenting all of the Abnormal Operating Conditions (AOC's) that had occurred on the system for the past three years.

Kinder Morgan personnel demonstrated an electronic database (STARS) that the Operator uses to document events such as AOC's, accidents and emergency conditions. A review of a sample of the records in the system did reveal documentation of events that appear to qualify as AOC's according to §195.402(d). However, some of the records did not appropriately designate the events as an AOC and therefore a query for these records would not produce an accurate or complete result. The Operator needs to accurately document and retain AOC events as prescribed by the regulations.

This alleged probable violation was due, in part, to the misunderstanding noted in Item 1. Records of discharge pressures at the pump stations were available for review during the inspection. These records would have clearly demonstrated any abnormal operating condition that occurred over the last three years, and the operator would have documented any follow-up.

However, given the finding, Kinder Morgan has reviewed its in house processes and procedures associated with this issue. The incorporation of the L-O&M will ensure that any AOCs that occurred on the KMCO₂ and KM Wink systems will be documented as required by the regulation and Kinder Morgan's procedures.

3. 195.404 Maps and Records.

(c) Each operator shall maintain the following records for the periods specified;

(2) The date, location and description of each repair made to parts of the pipeline other than pipe shall be maintained for at least one year.

The Operator did not have records for repairs made to parts of the pipeline other than the pipe. On January 30, 2007, the operator experienced a failure of a 3/4-inch purge lines on the No. 2 pump at Cortez Station. The Operator was not able to produce any repair records for this failure. Operator personnel stated that the PHMSA accident report (Form F7000-1) was the documentation of the repair. However, this report does not provide any details of the repair such as the materials used, the personnel that authorized the repair, or the personnel that made the repair.

Kinder Morgan has reviewed its in house processes and procedures associated with this issue. The incorporation of the L-O&M will ensure that records for pipeline repairs will be documented. L-O&M 1404, Maps and Records states that the date, location, and description of each repair made to parts of the pipeline other than pipe shall be maintained for at least 1 year.

4. 195.412 Inspections of rights-of-way and crossings under navigable waters.

(a) Each operator shall, at intervals not exceeding 3 weeks, but at least 26 times each calendar year, inspect the surface conditions on or adjacent to each pipeline right-of-way. Methods of inspection include walking, driving, flying or other appropriate means of traversing the right-of-way.

The Operator exceeded the prescribed right-of-way inspection interval.

On the record for the aerial patrol for the Edgewood to Cortez segment of the Cortez CO₂ Pipeline scheduled for December 18, 2006, the pilot indicated that the line was not flown due to weather. The Operator was not able to present records documenting the inspection had been performed by another method. The next aerial patrol record documenting inspection of the same segment if right-of-way was dated February 27, 2007.

During the inspection at the Edgewood facility the supervisor provided his personal aerial patrol records for his area for review. The official aerial patrol records were located at the main office in Cortez, CO. Kinder Morgan has reviewed the official records for the line segment above and found only one aerial patrol report to have exceeded 21 days.

Aerial patrols were performed on:

*December 6, 2006
January 3, 2007
January 16, 2007
January 29, 2007
February 15, 2007
February 27, 2007*

Subsequent to the inspection Kinder Morgan reviewed its in house processes and procedures associated with this issue, and a site specific process has been implemented to avoid this issue occurring in the future.

5. 195.583 What must I do to monitor atmospheric corrosion control?

- (b) During inspections you must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbanded coatings, at pipe supports, in splash zones, at deck penetration, and in spans over water.**

The Operator's atmospheric corrosion inspection records did not document areas of corrosion under pipe supports evident from visual inspection of the facilities.

Evidence of corrosion around and potentially under pipe supports should have been noted in the prescribed atmospheric corrosion inspections. Additional investigation to determine the magnitude and extent of the corrosion should be performed by the operator.

Subsequent review of this issue determined that the inspection for atmospheric corrosion had been performed by the local operator during the routine valve inspection. At the time of this inspection no atmospheric corrosion was observed.

After the atmospheric corrosion was noted during the PHMSA inspection the corrosion technician used the Kinder Morgan grading structure to evaluate the corrosion. The result of the inspection showed no pitting or metal loss, therefore, the atmospheric corrosion was graded Fair, which, according to the current KMCO₂ O&M manual requires re-coating within a one to three year time period.

Kinder Morgan is committed to operating our pipelines safely, in respect of the environment and in compliance with all governmental regulations.

If you have any questions or need further assistance please contact me at 713.369.9198 or Danielle Stephens at 713.369.8016.

Sincerely,

A handwritten signature in black ink that reads "Charles E. Fox". The signature is written in a cursive, slightly slanted style.

Mr. Charles E. Fox
Vice President Operations and Technology
Kinder Morgan CO₂ CO., L.P.

Cc: Ken Havens
Jeff Layne
Scott Muston
Danielle Stephens
John Sales
Wayland Steele