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**Natural Gas Pipeline Company  
of America LLC**

March 24, 2010

Mr. Ivan Huntoon  
Director, Central Region  
Pipeline and Hazardous Materials Safety Administration  
901 Locust Street, Suite 462  
Kansas City, MO 64106-2641

Re: CPF 3-2010-1001

Dear Mr. Huntoon;

On various dates between August 10 and October 29, 2009 a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) inspected Natural Gas Pipeline Company of America's (NGPL) facilities and records in Minneola, KS, Great Bend, KS, Glasco, KS, Beatrice, NE and Genesco, IL. As a consequence of the inspection PHMSA issued a Notice of Violation and Proposed Compliance Order (NOPV/PCO) to NGPL denoting nine areas of alleged violation of specific regulations and two specific alleged violations resulting in compliance orders.

NGPL would like to respond to the items of alleged violation and proposed compliance order listed in the fore mentioned CPF. In our response the alleged violation and proposed compliance order will be repeated and the NGPL response will follow immediately in bold text.

1. 192.201 Required capacity of pressure relieving and limiting stations.  
At several town border stations in the Minneola and Great Bend areas, NGPL personnel were setting the relief valve set points at a pressure where the relief valve would not be able to limit the pipeline system to the maximum allowable operating pressure (MAOP) plus allowable build-up.

In the Minneola area, review of the over-pressure protection capacity calculations noted that the meter stations for Offerle and Spearville had relief valves that were set at the MAOP plus the maximum allowable build-up (46 psig for Offerle (40 psig MAOP) and 66 psig for Spearville (60 psig MAOP)). Setting the relief valves at this pressure does not allow for any build-up associated with the relief valve itself. Activation of those relief devices would allow the system to exceed the MAOP plus allowable build-up. It was also noted that before 2007, the relief valves were set at 3 psig over the MAOP for Offerle and Spearville. This same issue was noted in the Great Bend area for the town border stations at Wilson and Pawnee Rock.

**NGPL's Response:**

**NGPL would like to contest the finding that the fore mentioned meter facilities were not set in conformance with the requirements of 49 CFR 192.201. KM would like to point out that the MAOP established for the meter facilities is exactly the same upstream of the regulation as it is downstream of the regulation and to the point of custody transfer. The point of custody transfer occurs at the boundary of the meter facility at an insulating flange which also terminates NGPL's operating responsibility. Since NGPL's operating**

responsibilities end without a MAOP break then there is no responsibility under 49 CFR 192.195 for protection from over pressure and therefore no responsibility to set OPP devices under the requirements of 49 CFR 192.201. NGPL requests that PHMSA rescind the finding of potential violation.

2. 192.455 External corrosion control; Buried or submerged pipelines installed after July 31, 1971.

At the Atkinson Meter Station in the Geneseo area, there was a section of pipe in the station that was isolated from cathodic protection. The isolated section read -0.588v. It appears that the short section of under-ground line was not receiving cathodic protection due to insulators being installed at the hairpin inlet and discharge piping. Your personnel immediately shorted one of the insulators to provide protection to the isolated section.

**NGPL's Response:**

NGPL as noted immediately connected the isolated section of piping to cathodic protection and continues to maintain and monitor the piping in conformance with the requirements of 49 CFR 192.455.

NGPL also wishes to point out that during the Genesco, IL unit inspection eleven other facilities were inspected without a finding as described at the Atkinson Meter Station being noted. Those facilities are:

- Illinois City Meter & Mid America Energy
- Moline #2 Meter & Mid American Energy
- Moline #1 South Meter Run
- Moline #3 Meter & Mid America Energy – Road 200 E
- Atkinson Meter & Illinois Power
- Mineral Meter & Illinois Power
- Manlius Meter & Illinois Power
- Prophetstown Meter & Nicor
- Rock Falls Meter Mao #1
- Andalusia Meter & Mid America Energy – 88<sup>th</sup> street
- Davenport Meter – Mid America Energy – 110<sup>th</sup> Ave

3. 192.459 External corrosion control: Examination of buried pipeline when exposed. In the Beatrice area, NGPL personnel were unable to find an initial exposed pipe report for the exposures located at Station Numbers 23562+22 and 23577+11 on Line 2. Additionally, in the Geneseo area, no exposed pipe reports were completed when the lines were exposed via a vacuum truck for either an elevation conformation or the attachment of cathodic protection test leads.

**NGPL's Response:**

With regard to the two locations on Line #2 of exposed pipe NGPL has located the initial exposed pipe reports for Station Numbers 23562+22 and 23577+11 and will have those reports available for review at the next PHMSA inspection, or will forward a copy of the reports to PHMSA if directed to do so.

With regard to the pipe that is exposed in the Geneseo area using vacuum truck technology, NGPL did not complete a buried pipeline inspection report since access necessary to perform an accurate assessment of the coating was limited (i.e. a 6-8" diameter hole at least several feet deep) and any report of coating condition assessment

referenced in the report would potentially be in question. Since the requirement to inspect the condition of the pipe was implemented prior to development of the vacuum excavation technology, NGPL believes that the regulations requiring pipe inspection were not developed with consideration of vacuum excavation technology. However, personnel have established the practice of filling out a Buried Pipeline Inspection Report (BPIR) with the best information that is available using this type of excavation technique each time a line is excavated with this technology.

4. 192.603 General provisions.

NGPL personnel could not find any records to show that the annual emergency response training for the Great Bend area personnel was conducted in 2007 and 2008. Your personnel indicated that they believed that the training was done, but acknowledged that the records were missing.

**NGPL's Response:**

**NGPL personnel located the documentation for emergency response training for personnel in the Great Bend area for the time periods noted and those records will be available for review during the next PHMSA inspection, or will forward a copy of the reports to PHMSA if directed to do so.**

5. 192.605 Procedural manual for operations, maintenance and emergencies.

A review of records identified that NGPL personnel did not conduct a periodic review of personnel work to check the effectiveness of abnormal operating conditions (AOC) procedures. In the Minneola and Great Bend Units, each one had only one AOC noted. In the Minneola unit, they had an unintended shutdown when an exhaust gasket failed. In the Great Bend area, they experienced a remote operated valve that would not operate. Both of these AOCs did not have a review of personnel response to determine the effectiveness of the procedures. The other operating areas were also not conducting the periodic review.

**NGPL's Response:**

**In November of 2009 NGPL added an O&M procedure that would specifically target the identification, investigation, documentation and determination of the effectiveness of procedures for occurrences of Abnormal Operations.**

6. 192.615 Emergency plans.

In October of 2007, NGPL experienced a stress corrosion cracking failure of the IL Lateral in the Geneseo operating area. Review of the company's incident report did not show that post incident reviews of the emergency response actions were done. NGPL personnel did not locate the documentation of the review anywhere else.

**NGPL's Response:**

**NGPL is in the process of reviewing and modifying our Emergency Response procedures and protocols to specifically include language that will direct KM personnel to perform a post incident review including a review of the effectiveness of emergency response procedures. KM expects to complete the noted revisions by the end of the second quarter of 2010.**

7. 192.743 Pressure limiting and regulating stations: Capacity of relief devices.  
NGPL personnel exceeded the maximum 15 month criteria for review of the capacity calculations for the regulators and relief valves in the Minneola operating area. During the review of the capacity calculation records, it was noted that the review in 2006 occurred on May 12, 2006 and the review in 2007 occurred on October 1, 2007.

**NGPL's Response:**

**NGPL's O&M procedures provide specific instruction on performing the fore mentioned inspections in conformance with the required time frame of annual not to exceed 15 months. KM has counseled our employees concerning the necessity to maintain strict adherence to those time frames.**

8. 192.481 Atmospheric corrosion control: Monitoring.  
NGPL personnel did not conduct atmospheric corrosion inspections of several above-ground facilities in the Minneola, Glasco and Geneseo areas. In the Minneola area, the fuel gas facilities for compressor stations 103 and 193 were not being evaluated every three years for atmospheric corrosion. In the Glasco area, the tap valves for the town border stations located in boxes were also not being evaluated. In the Geneseo area, the discharge piping of the turbine at station 110 was completely covered with insulation and was not being inspected.

**NGPL's Response:**

**NGPL's O&M procedures provide specific instruction to our employees in conducting atmospheric corrosion inspections and where to apply those procedures. NGPL has reinforced with our employees the need to follow O&M procedures and apply them as required.**

9. 192.735 Compressor stations: Storage of combustible materials.  
In the Great Bend area, at the compressor building in Station 194, it was noted during the field evaluation that there were two (2) barrels of oil and hydraulic fluid that were being stored in the building and were not for use for the compressor. These combustible materials should not be stored in the same building as the compressor.

**NGPL's Response:**

**NGPL's O&M procedures prohibit the storage of combustible materials in quantities greater than one day's usage in compressor buildings. KM has reinforced with our employees the need to adhere to these requirements.**

**PHMSA Proposed Compliance Order**

In regard to Item Number 1 of the Notice pertaining to the set points of the relief valves NGPL must provide a schedule to review all the set points of all the relief valves in the NGPL system and a time line of when the relief valves will be reset to ensure protection to MAOP with allowable build-up.

**NGPL's Response:**

**NGPL requests that Item #1 of the Notice of Probable Violation be rescinded based on the lack of a requirement to protect MAOP as defined in 49 CFR 192.195. Without a MAOP break in the**

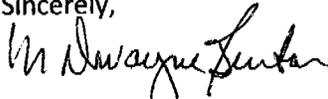
upstream and downstream piping in the meter facilities mentioned in the NOPV there is no requirement for Overpressure Protection. Without the requirement for OPP there is no extended requirement for setting or inspecting the OPP as prescribed in 49 CFR 192.201. When Item #1 of the NOPV is rescinded then the Proposed Compliance Order is no longer relevant. NGPL reserves the right to request an oral hearing in the event that the information provided in this response is insufficient to explain NGPL's position.

In regard to Item Number 2 of the Notice pertaining to isolated sections of pipe within the stations NGPL must provide a schedule to evaluate Town Border Stations, Meter Stations, Interconnects and Compressor Stations for similar issues and a time line to correct the issues.

**NGPL's Response:**

NGPL accepts that the piping downstream of the Atkinson Meter Station in the Geneseo area was not appropriately protected in conformance with the requirements of 49 CFR 192.455 however as noted in the NGPL response to #2 of the Notice of Proposed Violation there were no other facilities inspected where a similar finding was discovered. Therefore NGPL believes that the assessment of a Compliance Order as described in 49 CFR 190.217 is inappropriate. NGPL requests that the Compliance Order be rescinded. NGPL reserves the right to request an oral hearing in the event that the information provided in this response is insufficient to explain NGPL's position.

Sincerely,



M. Dwayne Burton

VP Gas Operations

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