



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

8701 South Gessner, Suite 1110
Houston, TX 77074

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 13, 2008

Mr. Charles Fox
Vice President Operations and Technology
Kinder Morgan CO₂ Co., L.P.
500 Dallas Street, Suite 1000
Houston, TX 77002

CPF 4-2008-5006W

Dear Mr. Fox:

On May 14-18, 2007, July 18-20, 2007, and October 10, 2007, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Cortez, Central Basin, Common Reef Carriers, and Centerline CO₂ pipeline system in Texas, New Mexico, and Colorado.

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(s) are:

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 employees 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 procedure modifications to the annual review, whether it was for AOC procedures, emergency 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.

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's 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.

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 1 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 ¾-inch purge line 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.

4. 195.412 Inspection 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 mean 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 of right-of-way was dated February 27, 2007.

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 penetrations, and in spans over water.

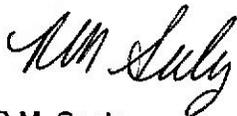
The Operator's atmospheric corrosion inspection records did not document areas of corrosion under pipe supports evident from visual inspection of the facilities.

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.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item(s) identified in this letter. Failure to do so will result in Kinder Morgan CO₂ Co., L.P. being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 4-2008-5006W**. Be advised that all material you submit in response to this enforcement action is subject to being 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).

Sincerely,



R.M. Seeley
Director, Southwest Region
Pipeline and Hazardous
Materials Safety Administration