

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 7, 2012

Mr. Dwayne Burton
Vice President, Engineering and Operations
Kinder Morgan Inc.
500 Dallas Street, Suite 1000
Houston, TX 77002

CPF 4-2012-1016M

Dear Mr. Burton:

During June 18 - 22, 2012, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Tennessee Gas Pipeline (TGPL) Operating and Maintenance procedures in Kinder, Louisiana. TGPL is now part of Kinder Morgan.

On the basis of the inspection, PHMSA has identified the apparent inadequacy found within TGPL's plans or procedures, as described below:

1. §191.22 National Registry of Pipeline and LNG Operators.

(a) OPID Request. Effective January 1, 2012, each operator of a gas pipeline, gas pipeline facility, LNG plant or LNG facility must obtain from PHMSA an Operator Identification Number (OPID). An OPID is assigned to an operator for the pipeline or pipeline system for which the operator has primary responsibility. To obtain an OPID, an operator must complete an OPID Assignment Request DOT Form PHMSA F 1000.1 through the National Registry of Pipeline and LNG Operators in accordance with § 191.7.

(b) OPID validation. An operator who has already been assigned one or more OPID by January 1, 2011, must validate the information associated with each OPID through the National Registry of Pipeline and LNG Operators at <http://opsweb.phmsa.dot.gov>, and correct that information as necessary, no later than June 30, 2012.

(c) Changes. Each operator of a gas pipeline, gas pipeline facility, LNG plant or LNG facility must notify PHMSA electronically through the National Registry of Pipeline and LNG Operators at <http://opsweb.phmsa.dot.gov> of certain events.

(1) An operator must notify PHMSA of any of the following events not later than 60 days before the event occurs:

(i) Construction or any planned rehabilitation, replacement, modification, upgrade, uprate, or update of a facility, other than a section of line pipe that costs \$10 million or more. If a 60 day notice is not feasible because of an emergency, an operator must notify PHMSA as soon as practicable;

(ii) Construction of 10 or more miles of a new pipeline; or

(iii) Construction of a new LNG plant or LNG facility.

(2) An operator must notify PHMSA of any of the following events not later than 60 days after the event occurs:

(i) A change in the primary entity responsible (i.e., with an assigned OPID) for managing or administering a safety program required by this part covering pipeline facilities operated under multiple OPIDs.

(ii) A change in the name of the operator;

(iii) A change in the entity (e.g., company, municipality) responsible for an existing pipeline, pipeline segment, pipeline facility, or LNG facility;

(iv) The acquisition or divestiture of 50 or more miles of a pipeline or pipeline system subject to Part 192 of this subchapter; or

(v) The acquisition or divestiture of an existing LNG plant or LNG facility subject to Part 193 of this subchapter.

(d) Reporting. An operator must use the OPID issued by PHMSA for all reporting requirements covered under this subchapter and for submissions to the National Pipeline Mapping System.

The TGPL O&M Manual Section 103, Reporting, subpart 3 failed to address the notification to PHMSA not later than 60 days before construction of a new LNG Plant or LNG facility. This manual also failed to address the notification to PHMSA not later than 60 days after the

acquisition or divestiture of an existing LNG plant or LNG facility subject to Part 193 of this subchapter. TGPL O&M Manual must be amended to address these requirements of 191.22.

2. §191.27 Filing offshore pipeline condition reports

(a) Each operator shall, within 60 days after completion of the inspection of all its underwater pipelines subject to §192.612(a), report the following information:

(1) Name and principal address of operator.

(2) Date of report.

(3) Name, job title, and business telephone number of person submitting the report.

(4) Total length of pipeline inspected.

(5) Length and date of installation of each exposed pipeline segment, and location, including, if available, the location according to the Minerals Management Service or state Offshore area and block number tract.

(6) Length and date of installation of each pipeline segment, if different from a pipeline segment identified under paragraph (a)(5) of this section, that is a hazard to navigation, and the location, including, if available, the location according to the Minerals Management Service or state offshore area and block number tract.

(b) The report shall be mailed to Office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, U.S. Department of Transportation, Information Resources Manager, PHP-10, 1200 New Jersey Avenue SE, Washington, DC 20590-0001.

At the time of the inspection, TGPL failed to provide procedures on the aforementioned. Further inquiry revealed a section of 509A-100 pipeline is in Gulf of Mexico (beach area) in water less than 15 feet deep as measured from mean to low water based on the identified risk requires underwater inspection. According to the TGPL representative, this section of pipeline is schedule for inspection in 2013. TGPL O&M Manual must be updated to include the requirement of filing offshore pipeline condition report as stated in 191.27.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. 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. 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). If you do not respond within 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.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Tennessee Gas Pipeline maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to R. M. Seeley, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 4-2012-1016M** and, for each document you submit, please provide a copy in electronic format whenever possible.

In regard to Items listed above, Tennessee Gas Pipeline provided Kinder Morgan O&M procedures, O&M 211: Reporting events, construction and major revision and O&M 219: DOT and State Pipeline Reports respectively via email to PHMSA on August 28, 2012. These procedure submittals were reviewed and deemed adequate. No further action is required in response to this Notice and this case is now closed. Thank you for your cooperation.

Sincerely,

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

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