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July 12, 2007

FILE NO: 56989.000004

SENT TO COMPLIANCE REGISTRY
Hardcopy Electronically
of Copies 1 / Date 7/13/07

Chris Hoidal, P.E.
Pipeline and Hazardous Materials
Safety Administration: Western Region
12300 W. Dakota Avenue, Suite 110
Lakewood, CO 80228

RE: Request for Hearing
In Re Kinder Morgan, Inc.
CPF No. 5-2007-1008

Dear Chris:

On behalf of Kinder Morgan, Inc. (Kinder Morgan or the Company), we respectfully request a hearing on the above referenced Notice of Probable Violation (NOPV) and proposed Compliance Order (CO). The NOPV and CO were received by Kinder Morgan from the Pipeline and Hazardous Materials Safety Administration (PHMSA) on June 15, 2007, and therefore this Request is timely.

Attached to this letter is a Request for Hearing, and a Statement of Issues (which incorporates by reference a Written Response to the proposed CO). As Dwayne Burton has discussed with you, Kinder Morgan is filing this Request to preserve its rights, but the Company hopes to resolve these issues with you amicably through informal meetings, if at all possible, without resort to a Hearing. For that reason, Kinder Morgan respectfully requests that OPS stay scheduling of any Hearing date, allowing Kinder Morgan to meet and confer with the Western Region on these issues.



Chris Hoidal, P.E.
July 12, 2007
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If you have any questions about this Request for Hearing, or about this matter generally, please do not hesitate to contact either me (at 404.888.4042) or Catherine Little (at 404.888.4047).

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Hogfoss".

Robert E. Hogfoss

Enclosures

cc: David DeVeau, Esq. (Kinder Morgan)
Catherine Little, Esq. (Hunton & Williams)

**Before the
U.S. Department of Transportation
Pipeline and Hazardous Materials Safety Administration
Office of Pipeline Safety**

In the Matter of)	
Kinder Morgan, Inc.,)	CPF No. 5-2007-1008
Respondent)	<u>REQUEST FOR HEARING</u>

Kinder Morgan, Inc. (Kinder Morgan or the Company), pursuant to 49 C.F.R. Parts 190.211 and 190.233, respectfully requests a Hearing on the above-referenced Notice of Probable Violation (NOPV) and proposed Compliance Order (CO). The NOPV and proposed CO were dated as June 11, 2007, but issued to Kinder Morgan in a letter from the Pipeline and Hazardous Materials Safety Administration (PHMSA), dated June 19, 2007. Kinder Morgan received a copy of the NOPV and proposed CO on June 15. Accordingly, this Request is timely.

As required by 49 C.F.R. Part 211(a), this Request for Hearing includes a Statement of Issues (attached), which includes a written response to the proposed CO. As required by 49 C.F.R. Part 190.211(a), please be advised that the Hunton & Williams law firm, along with in-house counsel David DeVeau from Kinder Morgan, will represent the Company at any Hearing that is scheduled for this matter.

Kinder Morgan shares PHMSA's desire to ensure public safety and enhance pipeline system integrity, and the Company is committed to working with PHMSA toward those goals. For the reasons stated in this Request for Hearing, however, Kinder Morgan believes that it is now and was at the time of the audit in full compliance with the PHMSA regulations cited. The Company respectfully requests that PHMSA either withdraw or dismiss the NOPVs issued in this matter.

As required by PHMSA regulations, attached to this Request for a Hearing is a Statement of Issues. Also pursuant to PHMSA regulations, please be advised that if a Hearing is required to resolve this matter, the Company intends to present materials, testimony and other items relevant to the issues. 49 C.F.R. Parts 190.233(c); 190.211(f). Pursuant to 49 C.F.R. Part 190.211(e), Kinder Morgan also hereby requests a copy of all materials in the PHMSA case files that may be pertinent to the issues raised in this matter, and the issues raised by this Request for Hearing (including case files or materials relied upon during preparation of this administrative action, and all other matters referenced in this Request for Hearing).

Respectfully submitted,



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action is not withdrawn, for good cause shown, then Kinder Morgan requests a Hearing on the issues stated below.

Issue 1 - NOPV Item 1A: 49 C.F.R. Part 192.903

PHMSA Allegation: *Kinder Morgan, Inc. (KMI) O&M Procedure 220, Section 3.7 requires that large areas (schools, parks, areas of assembly) have the location of the outside corner boundaries or areas closest to the pipeline defining a potential identified site be documented by GPS. In practice KMI has not followed their own procedure and has identified structures as a point which is not consistently the closest or more conservative location for defining the length of an HCA. This practice has resulted in HCA length being under-called.*

Kinder Morgan Response: The applicable rule for identification of HCAs along gas pipeline corridors is set forth at 49 C.F.R. Part 192.905. That rule, as corrected by PHMSA in subsequent rulemakings, allows for companies to use a point radius (or circle) from the centerline of the affected pipe, until December 17, 2006. The audit in this instance occurred before that date.

Kinder Morgan's O&M procedures were more stringent than required by PHMSA regulation at the time of the inspection at issue. Following the inspection -- and at the encouragement of PHMSA -- Kinder Morgan reviewed and revised its procedures for identification of HCAs. That process did increase the total mileage affected by HCAs. Notably, however, the internal review and procedural revisions that resulted in such an increase were (1) beyond the minimal requirements of the regulations, and (2) completed before this administrative enforcement action was commenced. In addition, the additional HCA mileage produced as a result of the Company's post inspection (but pre-enforcement) review, did not alter the fact that the Company had already completed more than 50% of its baseline assessment plan (BAP) obligations (the Company will have completed more than 60% by the end of 2007).

For the reasons set forth above, Kinder Morgan asserts that PHMSA is without basis to allege a NOPV for this issue, or, in the alternative, that the violation as alleged was redressed even before the administrative action was commenced, rendering it moot. NOPV Item 1A should be withdrawn or dismissed.

Issue 2 - NOPV Item 2A: 49 C.F.R. Part 192.917(e)(5)

PHMSA Allegation: *KMI did not always perform an evaluation of similar pipeline segments (both covered and non-covered) when significant corrosion is found inside an HCA.*

Kinder Morgan Response: The Company believes that the inspection team simply misinterpreted or failed to review all information relevant to this allegation. In fact, at the time of the inspection, Kinder Morgan did act consistently in evaluating similar

pipeline segments when significant corrosion was found in an HCA. This was, and is, reflected in Kinder Morgan's IMP Plan, and is supported by evidence from similar pipe inspections, similar weighting factors used in risk assessment, and similar subject matter expert (SME) evaluations.

It is possible that the inspection team reviewed the incorrect data or notes in developing this allegation (e.g., PHMSA's reference to the Kinder Morgan O&M Procedure 213 is inapplicable to the issue raised). We can provide the relevant data and documents again to support the Company's position, either as part of an informal resolution of the issue, or at Hearing. In any event, Kinder Morgan respectfully requests that NOPV Item 2A be withdrawn or dismissed, as without basis.

Issue 3 - NOPV Item 3A (Warning): 49 C.F.R. Part 192.937(b), (c)

PHMSA Allegation: *As of the date of the inspection, KMI has not selected the methods to be used for the next integrity assessment for those baseline assessments that have been completed.*

Kinder Morgan Response: Kinder Morgan questions whether the applicable regulations in this instance require prior selection of inspection methods. As PHMSA is aware, however, Kinder Morgan had addressed this item prior to issuance of the NOPV (the Company's 2006 BAP was revised to describe the assessment methods selected, prior to issuance of the NOPV). For those reasons, Kinder Morgan respectfully requests that PHMSA withdraw or dismiss NOPV Item 3A (Warning).

Issue 4: Proposed Civil Penalties: \$39,000 each for NOPV Items 1A and 2A

As described above, Kinder Morgan believes that there is no basis for NOPV Items 1A or 2A, and that those issues should be withdrawn or dismissed. In the alternative, Kinder Morgan believes that the amount of penalty requested should be reduced for each item, in light of the Company's cooperative approach and proactive response to issues presented in the inspection. Accordingly, the civil penalty amounts requested in this matter should either be withdrawn or reduced, as justice may require.

Written Response to Proposed Compliance Order

Kinder Morgan believes the proposed Compliance Order is unnecessary, either because the underlying NOPVs and Warning are without basis, or because the requested actions have already been completed. The Company can provide documentation and data to demonstrate completion, if requested by PHMSA, either as part of an informal resolution or at Hearing.

Summary and Request for Relief

For the reasons set forth in these materials, Kinder Morgan believes that the alleged probable violations and warning in the latest NOPV issued to the Company are either without legal or factual basis, or they are moot. As to NOPV Item 1A, the Company believes it was in compliance with the applicable regulations for identification of HCAs at the time of the inspection, but in any event the Company further revised its procedures before the enforcement action was commenced. As to NOPV Item 2A, the Company had fully performed evaluations of similar pipe segments prior to the inspection. PHMSA's inspection team may have missed or misinterpreted that data, but the material is still available. The Company believes that NOPV Item 3A (Warning) is unfounded, both because the applicable regulations do not require selection of reassessment methods by date certain, and because the Company did make such selections prior to issuance of the NOPV. Finally, the proposed Compliance Order is both unnecessary and moot, because the actions requested have already been completed.

Accordingly, Kinder Morgan respectfully requests that PHMSA withdraw or dismiss these NOPVs and the proposed Compliance Order, either informally or after Hearing on the issues. In the alternative, Kinder Morgan believes that PHMSA should significantly reduce the amount of civil penalty requested, in light of the law and facts presented in this Request, and as justice may require.

Respectfully submitted,



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