



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 13, 2008

Mr. Ron McClain
Vice President of Operations and Engineering
Kinder Morgan Energy Partners, L. P., Products Pipelines
500 Dallas Street
Houston, TX 77002

CPF 5-2008-5015W

Dear Mr. McClain:

From September 24, 2007 to October 25, 2007, representatives of the Arizona Corporation Commission and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Arizona refined petroleum pipeline products pipelines. As part of our inspection, we reviewed records at your offices in Colton and Orange, California; and Phoenix, Tucson, and Yuma, Arizona.

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 probable violations are:

1. §195.420 Valve maintenance

(b) Each operator shall, at intervals not exceeding 7 1/2 months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

The valve inspection interval for the Tucson Terminal inlet valve exceeded 7 ½ months. Specifically, the late valve inspection occurred at MP 303.54 of Line Segment (LS) 6 (8" El Paso – Phoenix). Inspection records indicate that the valve was inspected on September 28, 2006. The next documented inspection of the valve did not take place until May 21, 2007. Kinder Morgan personnel could not locate any additional records of valve inspections done between the dates mentioned above.

2. **§195.420 Valve maintenance**

- (b) Each operator shall, at intervals not exceeding 7 1/2 months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.**

No documentation was available during the inspection to demonstrate that both the Willcox and Willcox Dry Lake mainline valves on LS 22 (12" El Paso – Tucson) had been inspected between May 18, 2006 and May 22, 2007. Kinder Morgan personnel were not able to locate any records in the Colton Terminal to demonstrate inspection of the mainline valves located at Willcox (milepost 220.57) and Willcox Dry Lake (milepost 235.38). The only records available indicated the most recent valve inspections occurred on May 18, 2006 and on May 22, 2007.

3. **§195.569 Do I have to examine exposed portions of buried pipelines?**

Whenever you have knowledge that any portion of a buried pipeline is exposed, you must examine the exposed portion for evidence of external corrosion if the pipe is bare, or if the coating is deteriorated. If you find external corrosion requiring corrective action under Sec. 195.585, you must investigate circumferentially and longitudinally beyond the exposed portion (by visual examination, indirect method, or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the exposed portion.

Documentation of a pipeline exposure of LS 117 (12" Tucson – Phoenix) was incomplete. The records failed to demonstrate that a visual inspection of the exposed pipeline was conducted to check the condition of the coating and for any evidence of external corrosion.

On February 1, 2007, Fishel Company, working as a contractor for Qwest Communications, was installing 2 fiber optic conduit facilities near the junction of I-10 and Tangerine Road in Marana, AZ by means of a directional bore. The location was at the pipeline MP 329.94. The record and a photograph taken at the site show that the installation was taking place below the KM pipeline facilities. The photo also shows the pipeline facilities were exposed. However, the record does not indicate that a visual inspection was done on the exposed pipeline facility to check the condition of the coating and to check for any external corrosion, even though there are locations on the line crossing report to record information about the coating and external corrosion.

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 Energy Partners, 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 5-2008-5015W**. 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,

A handwritten signature in cursive script, appearing to read "Chris Hoidal".

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 T. Finch (Activity #120758)
Arizona Corporation Commission- Mr. Robert Miller