

MAR 17 2010

Mr. Richard D. Kinder
Chairman and Chief Executive Officer
Kinder Morgan Energy Partners, L.P.
One Allen Center
500 Dallas Street, Suite 1000
Houston, TX 77002

Re: CPF No. 5-2008-5045

Dear Mr. Kinder:

Enclosed please find the Final Order issued in the above-referenced case. It makes a finding of violation and finds that Kinder Morgan Energy Partners, L.P. has completed the actions specified in the Notice to comply with the pipeline safety regulations. Therefore, this case is now closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Chris Hoidal, Director, Western Region, PHMSA
Mr. Edward A. "Buzz" Fant, Director, Compliance, Codes and Standards, Products
Pipelines, Kinder Morgan Energy Partners, L.P.

CERTIFIED MAIL – RETURN RECEIPT REQUESTED [7009 1410 0000 2472 5224]

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

_____)	
In the Matter of)	
)	
Kinder Morgan Energy Partners,)	CPF No. 5-2008-5045
L.P.,)	
)	
Respondent.)	
_____)	

FINAL ORDER

On October 3, 2007, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), initiated an investigation of an accident involving an interstate pipeline system operated by Kinder Morgan Energy Partners, L.P. (Kinder Morgan or Respondent). The pipeline system in question transports refined petroleum products from the California-Nevada border to the Reno-Sparks Terminal Facility in Sparks, Nevada.

The investigation arose out of a failure that occurred the previous night on a 6-inch-diameter pipeline near Reno, Nevada. The failure was caused by hydrogen stress cracking and led to the release of 851 barrels of jet fuel in a high consequence area.

As a result of the investigation, the Director, Western Region, OPS (Director), issued to Respondent, by letter dated December 3, 2008, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Kinder Morgan had violated 49 C.F.R. § 195.402(c)(5) and proposed ordering Respondent to take certain measures to correct the alleged violation.

Kinder Morgan responded to the Notice by letters dated January 9 and July 22, 2009 (collectively, Response). Respondent did not contest the allegation of violation, but provided information concerning the corrective actions it had taken. Respondent did not request a hearing and therefore has waived its right to one.

FINDING OF VIOLATION

In its Response, Kinder Morgan did not contest the allegation in the Notice that it violated 49 C.F.R. Part 195, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.402(c)(5), which states:

§ 195.402 Procedural manual for operations, maintenance, and emergencies.

(a) *General.* Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. . . .

(c) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(1)

(5) Analyzing pipeline accidents to determine their causes.

The Notice alleged that Kinder Morgan violated 49 C.F.R. § 195.402(c)(5) by failing to perform an adequate root cause analysis and post-accident investigation of the October 2, 2007 failure as required under Section 3.9 of its own Incident Reporting and Investigation procedures. Kinder Morgan failed to conduct (1) a formal investigation of the accident identifying the root causes that contributed to the release; (2) an evaluation of their leak detection capability as a result of the release; (3) an evaluation of the Emergency Flow Restriction Device capability as a result of the release; and (4) a pressure cycle fatigue analysis (PCFA) as a result of the release. Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.402(c)(5) by failing to properly analyze the October 2, 2007 pipeline accident to determine its causes.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 1 of the Notice. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. The Director has indicated that Respondent has taken the following actions specified in the proposed compliance order:

1. On January 9 and July 22, 2009, Kinder Morgan submitted documentation of its root cause analysis and post-accident investigation of the October 2, 2007 failure. The Director has reviewed that information and determined that it satisfies the terms of the proposed compliance order.

Accordingly, I find that compliance has been achieved with respect to this violation. Therefore, the compliance terms proposed in the Notice are not included in this Order.

The terms and conditions of this Final Order are effective upon receipt of service.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued