



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

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

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

VIA E-MAIL TO MR. DAX SANDERS

April 17, 2023

Mr. Dax Sanders
President, Products Pipelines
Kinder Morgan
1001 Louisiana St., Suite 1000
Houston, TX 77002

CPF 5-2023-030-NOPV

Dear Mr. Sanders:

From October 25, 2022 through October 28, 2022, a representative of the Arizona Corporation Commission, Office of Pipeline Safety (AZOPS), on behalf of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected SFPP LP pipeline systems from Phoenix, Arizona to the New Mexico state line, as well as the terminal in Phoenix, Arizona.¹

As a result of the inspection, it is alleged that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The item inspected and the probable violation is:

¹ SFPP, LP is a subsidiary of Kinder Morgan, Inc.

1. **§ 195.402 Procedural manual for operations, maintenance, and emergencies.**

(a) 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. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

SFPP failed to follow its procedural manual for operations, maintenance, and emergencies L-O&M 1403 (O&M), Specifications – Flanges, Flange Bolts & Gaskets, Section 3.6.2, which required that two nuts be completely engaged on a threaded bolt (stud) and that the bolt threads extend a minimum of 1.5 threads past the nut.² At the time of the inspection, AZOPS, acting as an agent of PHMSA, observed and photographed flange joints at the inlet of jurisdictional tank T2 A-1 and T5 A-1 at the Tucson terminal, which had nuts that were not fully engaged with the threads, and the bolt threads did not extend a minimum of 1.5 threads past the nut pursuant to SFPP's written procedures.³

Proposed Compliance Order

With respect to item 1 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to SFPP, LP. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement Proceedings*. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be 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).

Following your receipt of this Notice, you have 30 days to respond as described in the enclosed *Response Options*. 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 you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. The Region

² See Pipeline Safety Violation Report (Violation Report) at Exhibit A.

³ See Violation Report at Exhibits B and C.

Director may extend the period for responding upon a written request timely submitted demonstrating good cause for an extension.

In your correspondence on this matter, please refer to **CPF 5-2023-030-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Dustin Hubbard
Director, Western Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

cc: PHP-60 Compliance Registry
Eric Villa, Program Manager, Arizona Corporation Commission, Office of Pipeline Safety

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to SFPP, LP a Compliance Order incorporating the following remedial requirements to ensure the compliance of SFPP, LP with the pipeline safety regulations:

- A. In regard to Item 1 of the Notice pertaining to not following its written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies, SFPP must follow L -O&M 1403, *Specifications – Flanges, Flange Bolts & Gaskets* and install stud bolts of the same length to the flange where different lengths of stud bolts were used within 90 days of receipt of the Final Order.
- B. Within 90 days of the receipt of the Final Order, SFPP must submit documentation and records to PHMSA to demonstrate completion of item A above.
- C. It is requested (not mandated) that SFPP, LP maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Dustin Hubbard, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.