



March 11, 2011

Via Federal Express

Mr. Wayne T. Lemoi
Director, Office of Pipeline Safety
PHMSA Southern Region
233 Peachtree Street Ste. 600
Atlanta, GA 30303

**RE: NOTICE OF PROBABLE VIOLATION AND PROPOSED CIVIL PENALTY
CPF No. 2-2011-5002**

Dear Mr. Lemoi:

On February 21, 2011, Kinder Morgan Energy Partners, L.P. received your Notice of Probable Violation and Proposed Civil Penalty, CPF No. 2-2011-5002, dated February 16, 2011. The Notice addresses the outcome of PHMSA's 2010 inspection of our Kinder Morgan Energy Partners, L.P. (KMEP) integrity management program (IMP). KMEP's integrity management program is a corporate program which is under my direction but applies to the following individual Kinder Morgan liquid business units: Kinder Morgan Products Pipelines, Kinder Morgan Liquid Terminals, and Kinder Morgan CO2 Company L.P.

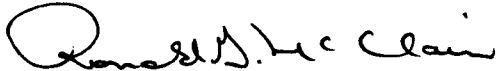
PHMSA's inspection included review of our corporate wide IMP procedures as well as its implementation within aforementioned business units. Kinder Morgan Products Pipelines and Kinder Morgan Liquid Terminals were not cited for any violations in the Notice. The two probable violations and proposed civil penalties pertain to IMP implementation by our Kinder Morgan CO2 Company, L.P. business unit, which owns and operates the Wink Pipeline system. In accordance with item I,a.1, of the "Response Options for Pipeline Operators in Compliance Proceedings", Kinder Morgan will not contest the violations and is providing further information via the attached letter from Kinder Morgan's CO2's Vice President outlining corrective action measures which will eliminate a repeat of these violations. The letter also addresses payment of the \$65,000 civil penalty by this business unit.

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Kinder Morgan and all of its individual business units strive for continuous improvement and welcome PHMSA's review as part of this endeavor. If you have any additional questions please call Jaime Hernandez at 713-369-9443 or me at 713-369-9152.

Sincerely,

A handwritten signature in black ink that reads "Ronald D. McClain". The signature is written in a cursive style with a large initial "R" and "M".

Ron McClain
Vice President, Operations, and Engineering
Product Pipelines

Attachment



March 10, 2011

Mr. Wayne T. Lemoi
Director, Office of Pipeline Safety
PHMSA Southern Region
233 Peachtree Street Ste. 600
Atlanta, GA 30303

RE: Notice of Probable Violation and Proposed Civil Penalty, CPF 2-2011-5002

Dear Mr. Lemoi:

Kinder Morgan CO2 Company, L.P. provides the response below (following the original citations and PHMSA comments) to the Notice of Probable Violation and Proposed Civil Penalty, CPF 2-2011-5002, issued by the Pipeline and Hazardous Materials Safety Administration as a result of the integrity management program (IMP) inspection conducted in June and July of 2010.

1. **§195.452 Pipeline integrity management in high consequence areas.**
.... (f) **What are the elements of an integrity management program? An integrity management program begins with the initial framework. An operator must continually change the program to reflect operating experience, conclusions drawn from results of the integrity assessments, and other maintenance and surveillance data, and evaluation of consequences of a failure on the high consequence area. An operator must include, at minimum, each of the following elements in its written integrity management program:**
.... (4) **Criteria for remedial actions to address integrity issues raised by the assessment methods and information analysis (see paragraph (h) of this section);**

§195.452(h) What actions must an operator take to address integrity issues?

.... (2) **Discovery of condition.** Discovery of a condition occurs when an operator has adequate information about the condition to determine that the condition presents a potential threat to the integrity of the pipeline. An operator must promptly, but no later than 180 days after an integrity assessment, obtain sufficient information about a condition to make that determination, unless the operator can demonstrate that the 180-day period is impracticable.

.... (4) **Special requirements for scheduling remediation-**

.... (ii) **60-day conditions.** Except for conditions listed in paragraph (h)(4)(i) of this section, an operator must schedule evaluation and remediation of the following conditions within 60 days of discovery of condition.

.... (B) **A dent located on the bottom of the pipeline that has any indication of metal loss, cracking or a stress riser.**

Item 1A: §195.452(h)(2)

KMEP did not obtain sufficient information to make a determination of discovery for a "60-day condition" on the L304, Wink to Guadalupe 20-inch pipeline within 180 days after completing an

integrity assessment. Moreover, KMEP did not demonstrate that the 180-day period was impracticable.

KMEP assessment records for the L304, Wink to Guadalupe 20-inch pipeline show that the pipeline was assessed by a Rosen XGP Caliper In-Line Inspection (ILI) tool and that the tool was removed from the pipeline after completing its assessment on May 9, 2008.

On March 30, 2009, KMEP determined that a "60-day condition" existed on its pipeline on joint number 76440 at odometer reading 308951.91, which is located in a High Consequence Area (HCA). KMEP made the determination of the "60-day condition" 325 days after the integrity assessment was completed.

Item 1B: §195.452(h)(4)(ii)(B)

KMEP did not schedule an evaluation or remediate a "60-day condition" in an HCA on the L304, Wink to Guadalupe 20-inch pipeline within 60 days of discovery.

KMEP assessment records show that on March 30, 2009, KMEP completed the discovery of a "60-day condition" on its L304, Wink to Guadalupe 20-inch pipeline in joint number 76440 at odometer reading 309051.91, which is located in an HCA. KMEP records described it as a "deformation anomaly dent-detected w/metal loss" i.e. a dent with metal loss located on the bottom of the pipeline (6:09 position).

KMEP remediated this "60-day condition" on June 27, 2010; 454 days after KMEP discovered the "60-day condition" and 394 days past the 60-day regulatory deadline.

Kinder Morgan CO2 Company, L.P.'s Response: Kinder Morgan's Hazardous Liquid Pipelines Integrity Management Program contains procedures to analyze and respond to data gathered during the integrity assessment of each pipe segment. Prompt action is required to address applicable anomalies discovered by the assessments with priority given to those that are in segments that could affect an HCA. The individual who was responsible for carrying out these procedures failed to do so. There was not sufficient Business Unit oversight to ensure compliance with our procedures. As a result, the individual was reprimanded and OpsInfo, a software application designed to manage compliance activities, will be utilized to track the schedule and remediation of "60-day conditions." Kinder Morgan CO2 Company, L.P. does not contest the findings as stated in the Notice of Probable Violation and has arranged a wire transfer (Confirmation #: 030311B7031R006376) for payment in full of the Proposed Civil Penalty.

We are committed to operating our pipelines safely and in compliance with all applicable regulations. We appreciate the Pipeline and Hazardous Materials Safety Administration's efforts in helping us to achieve this goal.

Sincerely,



Charles E. Fox
Vice President of Engineering and Operations
Kinder Morgan CO2 Company, L.P.