

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 20, 2011

Mr. Ron McClain
Vice President
Plantation Pipe Line Company
Kinder Morgan Energy Partners, L.P.
500 Dallas Street, Suite 100
Houston, TX 770022

CPF 2-2011-5009

Dear Mr. McClain:

On August 15-18, 2011, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected the Plantation Pipe Line Company (PPL) refined petroleum products pipeline from Bremen, Georgia, to Knoxville, Tennessee (Line 8KX). PPL is a subsidiary of Kinder Morgan Energy Partners, L.P.

As a result of the inspection, it appears that PPL has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

- 1. §195.406 Maximum Operating Pressure (MOP).**
 - (a) Except for surge pressures and other variations from normal operations, no operator may operate a pipeline at a pressure that exceeds any of the following:**
 - ...(2) The design pressure of any other component on the pipeline.**

PPL did not properly establish the maximum operating pressure (MOP) of the Bremen-Knoxville Line (Line 8KX) because the MOP provided by PPL at the time of the inspection exceeded the design pressure of pipeline components.

PPL established the MOP for the above-referenced pipeline as 1,480 psig. During the PHMSA field inspection, the inspector observed that mainline valves throughout the system had design MOPs of 1,440 psig (per the manufacturer's ID plates). Photos of manufacturer's ID plates, stating a design MOP of 1,440 psig were taken at a representative valve.

2. §195.410 Right-of-Way Markers

(a) Except as provided in paragraph (b) of this section, each operator shall place and maintain line markers over each buried pipeline in accordance with the following:

(1) Markers must be located at each public road crossing, at each railroad crossing, and in sufficient number along the remainder of each buried line so that its location is accurately known

PPL did not place line markers in sufficient number along the buried pipeline so that its location was accurately known.

Right-of-way (ROW) markers were missing, damaged, or not visible at several locations. During the inspection, the inspector observed that there were no line markers along the ROW at the Southern Railroad crossing. Furthermore, line markers were not in sufficient numbers to adequately identify the location of the pipeline upstream or downstream of Little Armuchee Creek or upstream or downstream of Highway 11 (County Road 331).

Proposed Civil Penalty

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. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violations and has recommended that you be preliminarily assessed a civil penalty of \$21,200 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$21,200

Warning Items

With respect to item 2 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 promptly correct this item. Be advised that failure to do so may result in Plantation Pipe Line Company being subject to additional enforcement action.

Proposed Compliance Order

With respect to item 1, pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Plantation Pipe Line Company. 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 Compliance Proceedings*. Please refer to this document and note the response options. 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). 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.

In your correspondence on this matter, please refer to **CPF 2-2011-5009** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Wayne T. Lemoi
Director, Office of Pipeline Safety
PHMSA Southern Region

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

PROPOSED COMPLIANCE ORDER

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

1. In regard to Item Number 1 of the Notice pertaining to the failure of PPL to properly establish the maximum operating pressure (MOP) of the Bremen-Knoxville Line (Line 8KX), PPL must prepare a plan to properly establish the MOP of the referenced pipe line within 120 days of the receipt of this Order. The plan must meet the regulations in §195.406.
2. PPL must submit the plan described in Item 1 above to the Director, PHMSA Southern Region for review and approval not later than 60 days after the receipt of this Order.
3. It is requested (not mandated) that PPL maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Wayne T. Lemoi, Director, Southern 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.