



By U.S. Mail and E-mail

David Barrett
Director, Central Region
Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration (PHMSA)
901 Locust Street, Suite 462
Kansas City, MO 64106

RE: CPF 3-2013-1002 NOTICE OF PROBABLE VIOLATION, PROPOSED CIVIL PENALTY, AND PROPOSED COMPLIANCE ORDER: ROCKIES EXPRESS PIPELINE LLC

Dear Mr. Barrett:

Tallgrass Development, LP (f/k/a Tallgrass Energy Partners, LP), as operating partner for Rockies Express Pipeline LLC ("Rockies Express"), received a Notice of Probable Violation and Proposed Compliance Order (together, "NOPV") from the Pipeline and Hazardous Materials Safety Administration ("PHMSA"), Central Region dated January 11, 2013. The NOPV referenced probable violations of the Rockies Express special permit conditions and safety criteria outlined in the PHMSA Grant of Waiver (Docket No. PHMSA-2006-23998; Notice 2) issued on July 11, 2006 ("SP Order").

The NOPV addresses five instances of probable violations of SP Order conditions. The NOPV proposes civil penalties associated with two violation items, and contains a Proposed Compliance Order with remedial requirements associated with three violation items. In accordance with the extension of time granted on January 30, 2013, Rockies Express hereby provides its response to the NOPV.

Each of the five items from the January 2013 NOPV is restated below in italics followed by the corresponding response by Rockies Express.

Item 1 – Violation of SP Order Condition 15, Bertrand Compressor Station.

Overpressure Protection Control: Mainline pipeline overpressure protection must be limited to a maximum of 104 percent MAOP.

Bertrand Compressor Station: Rockies Express allowed its pipeline pressure to exceed 104 percent MAOP by failing to limit its overpressure protection in accordance with SP Condition 15 at the Bertrand Compressor Station. On May 16, 2009, Rockies Express exceeded 104 percent of

MAOP in the mainline pipeline segment between its Bertrand Compressor Station and downstream mainline valve number 15. After the unintended closure of valve number 15 at approximately 3:42 a.m., the station compressor units were automatically shut down because of high discharge pressure alarms with a peak pipeline pressure of 104.6 percent.

Rockies Express failed to implement the O&M Procedure 703 for operation under the special permit which required the unit shutdowns to be set to 103 percent for all compressors in the REX pipeline. The overpressure protection set points for those units at Bertrand compressor station in place at the time were set at 105 percent MAOP.

Rockies Express Response to Item 1:

Rockies Express intends to pay the civil penalty of \$28,700 associated with Item 1.

Item 2 – Violation of SP Order Condition 15, Blue Mound Compressor Station.

Overpressure Protection Control: Mainline pipeline overpressure protection must be limited to a maximum of 104 percent MAOP.

Blue Mound Compressor Station: Rockies Express did not set its overpressure protection at the Blue Mound Compressor Station to limit the pressure to a maximum of 104 percent MAOP in accordance with SP Condition 15. PHMSA discovered during the 2011 inspection of Rockies Express' Blue Mound Compressor Station that unit shutdown controls were set above 104% of mainline MAOP. The September 15, 2010, inspection records for Blue Mound listed the "as found" and "as left" set points at 105 percent MAOP for all five compressor station units. The Blue Mound unit shutdowns remained out of compliance until they were reset to 103 percent of MAOP on April 20, 2011.

Rockies Express Response to Item 2:

Rockies Express intends to pay the civil penalty of \$38,700 associated with Item 2.

Item 3 – Violation of SP Order Condition 24.

SCADA Procedures: A detailed procedure for establishing and maintaining accurate SCADA set points must be established to ensure the pipeline operates within acceptable design limits at all times.

Rockies Express failed to establish a detailed procedure for establishing and maintaining SCADA set points within acceptable design limits for all operating modes. On May 16, 2009, Rockies Express was allowed to operate under local control at the Bertrand Compressor station. Although SCADA controllers were monitoring the pipeline system, the pipeline was operated above acceptable design limits, ultimately exceeding MAOP and allowable overpressure protection of 104 percent. The procedures (O&M 703 section 3.3.2.1.d, O&M 1103 section 3,

Bertrand unit "Start Procedure") did not accurately define SCADA set points for operating within acceptable design limits when in local mode.

Rockies Express Response to Item 3:

During the relevant time period, Rockies Express operated its system subject to certain practices and procedures designed, in part, to ensure that its facilities functioned within design specifications. Specifically with respect to SCADA set points (*i.e.* alarm limits), Rockies Express personnel followed certain practices and procedures that included justification, approval, and documentation for changes to the SCADA alarm limits. For instance, Rockies Express followed the Kinder Morgan "SCADA System Updates for RTU Installation Procedure" when adding new remote terminal units ("RTU") or modifying an existing RTU for the SCADA system, which addresses the configuration/verification of alarm limits.

Nonetheless, Rockies Express will continue to enhance its current practices and procedures and intends to implement the conditions for mitigation of Item 3 (as outlined the Proposed Compliance Order) through comprehensive Control Room Management ("CRM") procedures and processes required by §192.631. Specifically, Rockies Express has identified the Bertrand Compressor station discharge pressure as a "Safety-Related Point," requiring annual review of alarm set point values and alarm descriptions (per §192.631 (e)(3)). The most recent annual review and verification of Bertrand Compressor station safety-related alarm settings and descriptions was performed on February 25, 2013.

Additionally, existing CRM procedures and processes feature a tested and verified internal communication plan that provides adequate means for manual (*i.e.*, local) operation of the pipeline (e.g., Bertrand Compressor station) (per §192.631 (c)(3)). The most recent annual test of manual operation and internal communication procedures was performed on May 23, 2012.

Item 4 – Violation of SP Order Condition 28.

Gas Quality Monitoring and Control: An acceptable gas quality monitoring and mitigation program must be instituted to not exceed the following limits:

Special Permit Condition # 28a:

H2S (4 grains maximum);

Special Permit Condition # 28b:

CO2 (3 percent maximum);

Special Permit Condition # 28c:

H2O (less than or equal to 7 pounds per million standard cubic feet and no free water);

and

Special Permit Condition # 28d:

Other deleterious constituents that may impact the integrity of the pipeline must be instituted.

Filters/separators must be installed at locations where gas is received into the pipeline to minimize the entry of contaminants and to protect the integrity of downstream pipeline segments. Gas quality monitoring equipment must be installed to permit the operator to manage the introduction of contaminants and free liquids into the pipeline.

Rockies Express did not institute its gas quality monitoring and control program in a manner that mitigated the entry of contaminants and ensured that the contaminants did not exceed the limits prescribed in SP Condition 28. The SCADA system recorded a total of 870 alarms indicating the gas quality exceeded the maximum limit, yet no mitigation measures were taken.

Rockies Express Response to Item 4:

As an initial matter, Rockies Express notes that the 870 alarms referenced in Item 4 occurred on a portion of its system that is not subject to the SP Order (“Non-waiver Pipeline”). The SP Order applies to the portion of Rockies Express’ pipeline extending from the Cheyenne Compressor Station, in Cheyenne, Wyoming to Rockies Express’ eastern terminus near Clarington, Ohio (“Waiver Pipeline”). Upon further review, Rockies Express determined that each of the 870 referenced alarms occurred upstream (*i.e.* west) of the Waiver Pipeline. Specifically, the alarms occurred at the following receipt points located exclusively on Non-waiver Pipeline: Lost Creek-Sweetwater; KMIGT-Happy Hollow; White River-Meeker; Wamsutter-Echo Springs; and WIC-Sitting Bull. Given that the 870 alarms occurred upstream of the Waiver Pipeline, and that Rockies Express relies on a detailed blending calculation (described below) to ensure that gas transported through the Waiver Pipeline meets the applicable gas quality specifications, Rockies Express respectfully submits that the 870 alarms referenced do not support the conclusions expressed in Item 4.

Rockies Express relies on blending to ensure that gas transported on the Waiver Pipeline meets the specifications established in the SP Order and the pipeline’s FERC Gas Tariff. Rockies Express accomplishes this by performing a real-time calculation to determine the blended composition of the various upstream gas inputs located on the Non-Waiver Pipeline west of the Cheyenne Compressor Station. This calculation ensures that any out-of-specification gas receipts will be adequately mixed with other sources to achieve a blended gas stream meeting the limits set in the SP Order and Tariff. To the extent that certain gas receipts cannot be blended to achieve applicable limits, Rockies Express will reject tender of such gas until such time that system conditions permit its receipt.

In addition to blending, Rockies Express has made substantial capital investments to ensure it can appropriately manage gas quality on its system. In 2012, Rockies Express, on its own initiative, installed monitoring equipment capable of detecting CO₂ and H₂O at the inlet to the Cheyenne Compressor Station, which is used to monitor the blended gas quality entering the Waiver Pipeline. Indeed, Rockies Express relies on this equipment to act as a verification point with respect to gas quality. Rockies Express also recently placed an order to purchase an H₂S and O₂ analyzer, which it expects to install at the Cheyenne Compressor Station in 2013.

In response to the NOPV, and as part of its continuing efforts to enhance system integrity management, Rockies Express intends to augment its existing gas quality management practices by implementing the conditions for mitigation of Item 4 (as outlined the Proposed Compliance Order) by amending and clarifying written procedures as described in more detail below in response to Item 5.

Item 5 – Violation of SP Order Condition 24.

SCADA Procedures: A detailed procedure for establishing and maintaining accurate SCADA set points must be established to ensure the pipeline operates within acceptable design limits at all times.

Rockies Express failed to establish a detailed procedure to ensure accurate SCADA set points for its gas quality monitoring and control program were maintained. The accuracy of SCADA set points was not verified during, after, or as a result of calibrations on equipment required for monitoring the gas quality limits prescribed in SP Condition 28.

Rockies Express Response to Item 5:

Rockies Express notes that, at the time of the audit, the pipeline had the correct alert limits (High & High High) at all monitored points. The “High High” limit matches the limits set in the SP Order and Tariff, while the “High” limit is set below such levels to provide an “early warning” to operators. As described in greater detail in its response to Item 3 (which is incorporated herein by reference) Rockies Express also had practices and procedures in place to manage and document changes to these limits.

Nonetheless, Rockies Express will continue to enhance its current practices and procedures and implement the conditions for mitigation of Item 5 (as outlined the Proposed Compliance Order) by augmenting its written procedures to include expressly SP Order Condition 28 as a specialized parameter with separate verification needs and requirements, including certain Control Room and SCADA components that will help validate Rockies Express’ operational compliance with the SP Order. Consistent with Item 5, Rockies Express will modify relevant procedures, standards, and Control Room and field forms/logs to clarify existing Control Room gas-quality alert response practices. These modifications will also add requirements for field measurement technicians to verify acceptable equipment accuracy and communication with Gas Control systems when measurement standards require calibration or tests on chromatographs or gas contaminant analyzers.

In summary, Rockies Express does not contest the proposed penalties regarding Items 1 or 2 of the NOPV. In addition, the pipeline is continually enhancing its SCADA set point processes regarding Items 3 and 5 of the NOPV. However, Rockies Express believes that the allegations set forth in Item 4 of the NOPV are misplaced, in that they do not apply to that portion of the system subject to the SP Order. Accordingly, Rockies Express respectfully requests withdrawal of Item 4 of the NOPV and the related Item 2 of the Proposed Compliance Order.

Rockies Express anticipates that the above is responsive to NOPV CPF 3-2013-1002. If any further information is required in this matter, please do not hesitate to contact the Tallgrass Compliance and Records section.

Respectfully yours,

A handwritten signature in black ink, appearing to read "Daniel W. Prascher". The signature is fluid and cursive, with a long horizontal stroke at the end.

Daniel W. Prascher
Manager, Compliance and Records
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