

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 2, 2012

Mr. Dwayne Burton
Vice President, Engineering and Operations
Kinder Morgan Inc.
500 Dallas Street, Suite 1000
Houston, TX 77002

CPF 4-2012-1020

Dear Mr. Burton:

On June 18-22, 2012, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code was onsite and inspected Tennessee Gas Pipeline (TGP) Offshore Pecan Island Gas System in Kinder, LA. TGP has recently been acquired by Kinder Morgan Company (KM).

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation is:

1. §192.469 External corrosion control: Test stations.

Each pipeline under cathodic protection required by this subpart must have sufficient test stations or other contact points for electrical measurement to determine the adequacy of cathodic protection.

TGP did not maintain sufficient test stations or contact points on Pipelines 509A-3200 and 523M-10300 to determine the adequacy of cathodic protection (CP).

TGP informed PHMSA that pipeline 509A-3200 was not accessible due to removal of the platform (VERM.144) by the producer in 2004. There was a CP test station for this pipeline located on the platform. The pipeline is approximately 9.638 miles long with a sub-sea tie in with 509A-100. Since the removal of the platform, no additional test stations have been established nor has TGP performed an evaluation to determine an appropriate location for additional monitoring locations.

Similarly, TGP informed PHMSA that pipeline 523M-10300 (formerly known as 523X-300) was not accessible to monitor cathodic protection due to the producer (McMoran) having retired the platform (EI 273A) in 2004. The test station for this pipeline was located on the platform and since removal of the platform no monitoring of CP has been performed. The pipeline is approximately 0.727 miles long with a subsea tie in to Apache (6") at EI 273D. Since the removal of the platform, no additional test stations have been established nor has TGP performed an evaluation to determine an appropriate location for additional monitoring locations. TGP provided CP reading taken by Apache at their platform located in EI273.

In both cases, TGP has not performed any evaluation to determine the appropriate location for test stations to determine the adequacy of their cathodic protection.

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 Tennessee Gas Pipeline. 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. 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). 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 4-2012-1020** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration

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 Tennessee Gas Pipeline a Compliance Order incorporating the following remedial requirements to ensure the compliance of TGP with the pipeline safety regulations:

1. With regard to Item Number 1 of the Notice pertaining to failure to have sufficient test points or other contact points for electrical measurement to determine the adequacy of the cathodic protection (CP) system, TGP must evaluate the CP system and pipeline design and determine the locations for test stations such that the adequacy of the CP system can be assessed. Following the determination, the test stations must be installed and maintained.
2. Following the installation of necessary test stations, TGP must survey the CP system and provide the results to PHMSA to demonstrate the adequacy of the CP system on the referenced pipelines.
3. TGP must complete Item 1 within 30 days and Items 2 within 90 days following receipt of the Final Order. Submit the results to Mr. R. M. Seeley, Region Director, Southwest Region, Office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, 8701 South Gessner, Suite 1110, Houston, TX 77074.
4. It is requested (not mandated) that TGP maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to R. M. Seeley, Director, Southwest 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.