

AUGUST 30, 2012

Mr. Richard D. Kinder
Chairman and CEO
Kinder Morgan Energy Partners, LP
500 Dallas St., Suite 1000
Houston, TX 77002

Re: CPF No. 4-2012-5016

Dear Mr. Kinder:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and assesses a civil penalty of \$103,300. This is to acknowledge receipt of payment of the full penalty amount, by wire transfer, dated June 1, 2012. This enforcement action is now closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. R.M. Seeley, Director, Southwest Region, OPS
Mr. Alan Mayberry, Deputy Associate Administrator for Field Operations, OPS
Mr. Ron G. McClain, Vice President Engineering and Operations, Products Pipelines,
Kinder Morgan Energy Partners, LP

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

_____)	
In the Matter of)	
)	
SFPP, LP,)	CPF No. 4-2012-5016
)	
Respondent.)	
_____)	

FINAL ORDER

On multiple visits between June 7 and October 20, 2011, pursuant to 49 U.S.C. § 60117, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted on-site pipeline safety inspections of the records of SFPP, LP (SFPP or Respondent), in Orange, California; Bloomington, California; and El Paso, Texas, and of pipeline facilities along the right-of-way (ROW) from El Paso to the New Mexico and Arizona state borders. SFPP is a subsidiary of Kinder Morgan Energy Partners, LP, which transports crude oil, refined petroleum products, and highly volatile liquids through more than 8,000 miles of pipelines in the United States.¹

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated April 25, 2012, a Notice of Probable Violation and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that SFPP had committed various violations of 49 C.F.R. Part 195 and proposed assessing a civil penalty of \$103,300 for the alleged violations.

SFPP responded to the Notice by letter dated June 1, 2012 (Response). The company did not contest the allegations of violation and paid the proposed civil penalty of \$103,300, as provided in 49 C.F.R. § 190.209(a). Payment of the penalty serves to close the case with prejudice to Respondent.

FINDINGS OF VIOLATION

In its Response, SFPP did not contest the allegations in the Notice that it violated 49 C.F.R. Part 195, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.432(b), which states:

¹ See http://www.kindermorgan.com/business/products_pipelines/ (last accessed August 29, 2012).

§ 195.432 Inspection of in-service breakout tanks.

(a) . . .

(b) Each operator must inspect the physical integrity of in-service atmospheric and low-pressure steel aboveground breakout tanks according to API Standard 653 (incorporated by reference, *see* § 195.3). However, if structural conditions prevent access to the tank bottom, the bottom integrity may be assessed according to a plan included in the operations and maintenance manual under § 195.402(c)(3).

The Notice alleged that Respondent violated 49 C.F.R. § 195.432(b) by failing to inspect the physical integrity of certain in-service atmospheric and low-pressure steel aboveground breakout tanks according to API Standard 653. Specifically, the Notice alleged that during 2010 and 2011, SFPP missed one monthly inspection for four breakout tanks, four monthly inspections for one breakout tank, and 11 monthly inspections for one relief tank, all at its El Paso Station.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.432(b) by failing to inspect the physical integrity of certain in-service atmospheric and low-pressure steel aboveground breakout tanks according to API Standard 653.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 195.569, which states:

§ 195.569 Do I have to examine exposed portions of buried pipelines?

Whenever you have knowledge that any portion of a buried pipeline is exposed, you must examine the exposed portion for evidence of external corrosion if the pipe is bare, or if the coating is deteriorated. If you find external corrosion requiring corrective action under §195.585, you must investigate circumferentially and longitudinally beyond the exposed portion (by visual examination, indirect method, or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the exposed portion.

The Notice alleged that Respondent violated 49 C.F.R. § 195.569 by failing to examine the exposed portion of buried pipelines for external corrosion. Specifically, the Notice alleged that SFPP failed to examine exposed portions of buried pipelines for external corrosion at seven locations.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.569 by failing to examine the exposed portion of buried pipelines for external corrosion at seven locations.

Item 3: The Notice alleged that Respondent violated 49 C.F.R. § 195.579(c), which states:

§ 195.579 What must I do to mitigate internal corrosion?

(a) . . .

(c) *Removing pipe.* Whenever you remove pipe from a pipeline, you must inspect the internal surface of the pipe for evidence of corrosion. If you find internal corrosion requiring corrective action under § 195.585, you must investigate circumferentially and longitudinally beyond the removed pipe (by visual examination, indirect method, or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the removed pipe.

The Notice alleged that Respondent violated 49 C.F.R. § 195.579(c) by failing to inspect the internal surface of pipe that had been removed from a pipeline for evidence of corrosion. Specifically, the Notice alleged that SFPP failed to inspect the internal surface of pipe that had been removed from the pipeline for evidence of corrosion on eight occasions.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.579(c) by failing to inspect the internal surface of pipe that had been removed from a pipeline for evidence of corrosion.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued