VIA CERTIFIED MAIL AND FAX TO: (832) 397-4536

Mr. Gary Buchler
Vice President, Operations and Engineering
Tennessee Gas Pipeline Company, LLC
1001 Louisiana Street
Houston, TX, 77002

Re: CPF No. 4-2015-1009H

Dear Mr. Buchler:

Enclosed is a Corrective Action Order issued in the above-referenced case. It requires Tennessee Gas Pipeline Company, LLC, to take certain corrective actions with respect to the San Salvador Line 400-1 natural gas pipeline, which failed on August 3, 2015, in Brooks County, Texas.

Service is being made by certified mail and facsimile. Service by electronic transmission is deemed complete upon transmission and acknowledgement of receipt, or as otherwise provided under 49 C.F.R. § 190.5. The terms and conditions of this Order are effective upon completion of service.

Thank you for your cooperation in this matter.

Sincerely,

[Signature]

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Ms. Linda Daugherty, Deputy Associate Administrator for Field Operations, OPS
Mr. R. M. Seeley, Director, Southwest Region, OPS
Mr. Reji George, Director, Compliance Codes and Standards, Natural Gas Pipeline Company of America, LLC
Mr. Steven J. Kean, President and Chief Operating Officer, Kinder Morgan, Inc.
CORRECTIVE ACTION ORDER

Purpose and Background:

This Corrective Action Order (Order) is being issued under the authority of 49 U.S.C. § 60112 to require Tennessee Gas Pipeline Company, LLC (TGP or Respondent), to take the necessary corrective actions to protect the public, property, and the environment from potential hazards associated with the recent failure on Respondent's San Salvador Line 400-1 natural gas pipeline.¹

A reportable accident occurred on the San Salvador Line 400-1 pipeline in Brooks County, Texas, on August 3, 2015, resulting in the release of an estimated 11 million cubic feet (mmcf) of natural gas into the atmosphere. Pursuant to 49 U.S.C. § 60117, the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), initiated an investigation of the accident. The preliminary findings of the ongoing investigation are as follows.

Preliminary Findings:

- On August 3, 2015, at approximately 8:30 p.m. Central Standard Time (CST), a failure occurred on Respondent's 16-inch diameter Line 400-1 pipeline approximately 1.5 miles southwest of the town of Falfurrias, Texas. The accident was reported to the National Response Center (NRC Report # 1124690) on August 3, 2015, at approximately 9:49 p.m. CST.

¹ Tennessee Gas Pipeline Company, LLC operates an approximately 11,900-mile pipeline system that transports natural gas from Louisiana, the Gulf of Mexico and south Texas to the northeastern U.S. and is a subsidiary of Kinder Morgan, Inc. See http://www.kindermorgan.com/pages/business/gas_pipelines/east/TGP/default.aspx (last accessed August 5, 2015).
• The Line 400-1 pipeline extends approximately 98.79 miles from Agua Dulce Station to Edinburg Station and is part of a system of several parallel pipelines. The segment on which the failure occurred extends approximately 11.16 miles from VS 403-1 to VS 404-1. The pipeline crosses public roads and traverses areas near residences. Portions of the pipeline are located in Class 2 populated areas.

• As a result of the failure, an estimated 11 mmcf of natural gas was released. The blow out resulted in an approximate 70- by 30-foot crater.

• The failure site is located at Station 517+92.2 and is approximately 350 feet away from a residence. Local emergency responders evacuated an area within a five-mile radius of the failure site.

• In response, TGP depressurized the pipeline and isolated the 11.16-mile section by closing valves VS 403-1 and VS 404-1.

• The pipeline remains shut down. The cause of the failure has not yet been confirmed, but a longitudinal split in the pipe approximately 55 feet long could be observed. TGP intends to transport the failed pipe section to a metallurgist for testing and failure analysis.

• The Line 400-1 pipeline was originally constructed in 1947. It consists of Grade X-42 16-inch diameter electric resistance weld (ERW) seam pipe manufactured by Youngstown Steel and has a nominal wall thickness of 0.250 inches, with a coal tar enamel coating and an impressed current cathodic protection system.

• The maximum allowable operating pressure (MAOP) of the pipeline is 903 psig. The pipeline was hydrostatically tested in 1997. The operating pressure at the time of the failure was approximately 827 psig.

• PHMSA issued Alert Notice ALN-88-01 in January 1988, advising owners and operators of natural gas and hazardous liquids pipelines to consider the threat from ERW pipe manufactured prior to 1970. The operators were to determine whether their pipelines were susceptible to ERW seam failures and address the potential impact on pipeline integrity.

**Determination of Necessity for Corrective Action Order and Right to Hearing:**

Section 60112 of Title 49, United States Code, provides for the issuance of a Corrective Action Order, after reasonable notice and the opportunity for a hearing, requiring corrective action, which may include the suspended or restricted use of a pipeline facility, physical inspection, testing, repair, replacement, or other action, as appropriate. The basis for making the determination that a pipeline facility is or would be hazardous, requiring corrective action, is set forth both in the above-referenced statute and 49 C.F.R. § 190.233, a copy of which is enclosed.

Section 60112 and the regulations promulgated thereunder provide for the issuance of a Corrective Action Order, without prior notice and opportunity for hearing, upon a finding that
failure to issue the Order expeditiously would result in the likelihood of serious harm to life, property, or the environment. In such cases, an opportunity for a hearing and expedited review will be provided as soon as practicable after the issuance of the Order.

After evaluating the foregoing preliminary findings of fact, I find that continued operation of the pipeline without corrective measures is or would be hazardous to life, property, or the environment. Additionally, having considered the nature of the failure; the proximity of the pipeline to public road crossings and residences; the age and manufacture of the pipeline; the hazardous nature of the product the pipeline transports; the pressure required for transporting the material; the uncertainties as to the cause of the failure; the potential for ERW seam issues not previously identified; and the ongoing investigation to determine the cause of the failure, I find that a failure to issue this Order expeditiously to require immediate corrective action would result in the likelihood of serious harm to life, property, or the environment.

Accordingly, this Corrective Action Order mandating immediate corrective action is issued without prior notice and opportunity for a hearing. The terms and conditions of this Order are effective upon receipt.

Within 10 days of receipt of this Order, Respondent may contest its issuance obtain expedited review either by answering in writing or requesting a hearing under 49 C.F.R. § 190.211, to be held as soon as practicable under the terms of such regulation, by notifying the Associate Administrator for Pipeline Safety in writing, with a copy to the Director, Southwest Region, PHMSA (Director). If Respondent requests a hearing, it will be held telephonically or in-person in Southwest Region Office or Washington, D.C.

After receiving and analyzing additional data in the course of this investigation, PHMSA may identify other corrective measures that need to be taken. In that event, PHMSA will notify Respondent of any additional measures that are required and an amended Order issued, if necessary. To the extent consistent with safety, Respondent will be afforded notice and an opportunity for a hearing prior to the imposition of any additional corrective measures.

**Required Corrective Actions:**

Pursuant to 49 U.S.C. § 60112, I hereby order TGP to immediately take the following corrective actions on the San Salvador Line 400-1 pipeline:

Definitions:

"**Affected Segment**" - The "Affected Segment" means TGP’s San Salvador Line 400-1 pipeline extending 98.79 miles from Agua Dulce Station 1 to Edinburg Station 409.

"**Isolated Segment**" - The "Isolated Segment" means the 11.16-mile segment of Line 400-1 extending from VS 403-1 to VS 404-1.

"**Director**" - The "Director" means the Director, Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety, Southwest Region. The Director’s address is 8701 S. Gessner, Suite 1110, Houston, Texas 77074.

1. **Operating Restriction.** TGP must not operate the Isolated Segment until authorized to do so by the Director.
2. **Pressure Restriction.** TGP must reduce and maintain a twenty percent (20%) pressure reduction in the actual operating pressure along the entire length of the *Affected Segment* such that the operating pressure along the *Affected Segment* will not exceed eighty percent (80%) of the actual operating pressure in effect immediately prior to the failure on August 3, 2015.

   a. This pressure restriction is to remain in effect until written approval to increase the pressure or return the pipeline to its pre-failure operating pressure is obtained from the Director.

   b. This pressure restriction requires any relevant remote or local alarm limits, software programming set-points or control points, and mechanical over-pressure devices to be adjusted accordingly.

3. **Restart Plan.** Prior to resuming operation of the *Isolated Segment* develop and submit a written *Restart Plan* to the Director for prior approval.

   a. The Director may approve the *Restart Plan* incrementally without approving the entire plan, but the *Isolated Segment* cannot resume operation until the *Restart Plan* is approved in its entirety.

   b. Once approved by the Director, the *Restart Plan* will be incorporated by reference into this Order.

   c. The *Restart Plan* must provide for adequate patrolling of the *Isolated Segment* during the restart process and must include incremental pressure increases during start-up, with each increment to be held for at least 2 hours.

   d. The *Restart Plan* must include sufficient surveillance of the pipeline during each pressure increment to ensure that no leaks are present when operation of the line resumes.

   e. The *Restart Plan* must specify a day-light restart and include advance communications with local emergency response officials.

   f. The *Restart Plan* must provide for a review of the *Isolated Segment* for conditions similar to those of the failure, including a review of construction, operating and maintenance (O&M) and integrity management records such as in-line inspection (ILI) results, hydrostatic tests, root cause failure analysis of prior failures, aerial and ground patrols, corrosion, cathodic protection, excavations and pipe replacements. TGP must address any findings that require remedial measures to be implemented prior to restart.

   g. The *Restart Plan* must also include documentation of the completion of all required actions, and a management of change plan to ensure that all procedural modifications are incorporated into TGP’s operations and maintenance procedures manual.

4. **Return to Service.** After the Director approves the *Restart Plan*, TGP may return the *Isolated Segment* to service but the operating pressure must not exceed eighty percent (80%) of the actual operating pressure in effect immediately prior to the failure on August 3, 2015, in accordance with Item 2 above.

5. **Removal of Pressure Restriction.**

   a. The Director may allow the removal or modification of the pressure restriction upon a written request from TGP demonstrating that restoring the pipeline to its pre-failure operating pressure is justified based on a reliable engineering analysis showing that the
pressure increase is safe considering all known defects, anomalies, and operating parameters of the pipeline.

b. The Director may allow the temporary removal or modification of the pressure restrictions upon a written request from TGP demonstrating that temporary mitigative and preventive measures are implemented prior to and during the temporary removal or modification of the pressure restriction. The Director's determination will be based on the failure cause and provision of evidence that preventative and mitigative actions taken by the operator provide for the safe operation of the Affected Segment during the temporary removal or modification of the pressure restriction. Appeals to determinations of the Director in this regard will be decided by the Associate Administrator for Pipeline Safety.

6. Mechanical and Metallurgical Testing. Within 45 days of receipt of this Order, complete independent third-party mechanical and metallurgical testing and failure analysis of the failed pipe, including an analysis of soil samples and any foreign materials. Complete the testing and analysis as follows:

a. Document the chain-of-custody when handling and transporting the failed pipe section and other evidence from the failure site and transport the pipe in accordance with applicable protocols to ensure the fracture surface is not damaged.

b. Within 10 days of receipt of this Order, develop and submit the testing protocol and the proposed testing laboratory to the Director for prior approval.

c. Prior to beginning the mechanical and metallurgical testing, provide the Director with the scheduled date, time, and location of the testing to allow for an OPS representative to witness the testing.

d. Ensure the testing laboratory distributes all reports whether draft or final in their entirety to the Director at the same time they are made available to TGP.

7. Root Cause Failure Analysis. Within 90 days following receipt of this Order, complete a root cause failure analysis (RCFA) and submit a final report of this RCFA to the Director. The RCFA must be supplemented/facilitated by an independent third party acceptable to the Director and must document the decision making process and all factors contributing to the failure. The RCFA should include a review of TGP’s approach to monitoring its system for potential longitudinal seam issues. The final report must include findings and any lessons learned and whether the findings and any lessons learned are applicable to other locations within TGP’s pipeline system.

8. Remedial Work Plan (RWP).

a. Within 90 days following receipt of this Order, TGP must submit a Remedial Work Plan (RWP) to the Director for approval.

b. The Director may approve the RWP incrementally without approving the entire RWP.

c. Once approved by the Director, the RWP will be incorporated by reference into this Order.

d. The RWP must specify the tests, inspections, assessments, evaluations, and remedial measures TGP will use to verify the integrity of the Affected Segment. It must address all known or suspected factors and causes of the August 3, 2015 failure. TGP should consider both the risk of another failure and the consequence of another failure to develop
a prioritized schedule for RWP-related work along the Affected Segment.

e. The RWP must include a procedure or process to:

i. Identify pipe in the Affected Segment with characteristics similar to the contributing factors identified for the August 3, 2015 failure.

ii. Gather all data necessary to review the failure history (in service and pressure test failures) of the Affected Segment and to prepare a written report containing all the available information such as the locations, dates, and causes of leaks and failures.

iii. Integrate the results of the metallurgical testing, root cause failure analysis, and other corrective actions required by this Order with all relevant pre-existing operational and assessment data for the Affected Segment. Pre-existing operational data includes, but is not limited to, construction, operations, maintenance, testing, repairs, prior metallurgical analyses, and any third-party consultation information. Pre-existing assessment data includes, but is not limited to, ILI tool runs, hydrostatic pressure testing, direct assessments, close interval surveys, and DCVG/ACVG surveys.

iv. Determine if conditions similar to those contributing to the failure on August 3, 2015 are likely to exist elsewhere within the TGP pipeline systems.

v. Conduct additional field tests, inspections, assessments, and/or evaluations to determine whether, and to what extent, the conditions associated with the failure on August 3, 2015, and other failures from the failure history or any other integrity threats are present elsewhere on the Affected Segment. At a minimum, this process must consider all failure causes and specify the use of one or more of the following:

   1) ILI tools that are technically appropriate for assessing the pipeline system, based on the cause of failure and that can reliably detect and identify anomalies;
   2) Hydrostatic pressure testing;
   3) Close-interval surveys;
   4) Cathodic protection surveys, to include interference surveys in coordination with other utilities (e.g. underground utilities, overhead power lines, etc.) in the area;
   5) Coating surveys;
   6) Stress corrosion cracking surveys;
   7) Selective seam corrosion surveys; and
   8) Other tests, inspections, assessments, and evaluations appropriate for the failure causes.

Note: TGP may use the results of previous tests, inspections, assessments, and evaluations if approved by the Director, provided the results of the tests, inspections, assessments, and evaluations are analyzed with regard to the factors known or suspected to have caused the failure.

vi. Describe the inspection and repair criteria TGP will use to prioritize, excavate, evaluate, and repair anomalies, imperfections, and other identified integrity threats. Include a description of how any defects will be graded and a schedule for repairs or replacement.

vii. Based on the known history and condition of the Affected Segment, describe the methods TGP will use to repair, replace, or take other corrective measures to
remEDIATE the conditions associated with the pipeline failure and to address other
known integrity threats along the Affected Segment.

viii. Implement continuing long-term periodic testing and integrity verification measures
to ensure the ongoing safe operation of the Affected Segment, considering the results
of the analyses, inspections, evaluations, and corrective measures undertaken
pursuant to the Order.

f. Include a proposed schedule for completion of the RWP.

g. TGP must revise the RWP as necessary to incorporate new information obtained during
the failure investigation and remedial activities, to incorporate the results of actions
undertaken pursuant to this Order, and/or to incorporate modifications required by the
Director.
   i. Submit any plan revisions to the Director for prior approval.
   ii. The Director may approve plan revisions incrementally.
   iii. Any and all revisions to the RWP after it has been approved and incorporated by
       reference into this Order will be fully described and documented.

h. Implement the RWP as it is approved by the Director, including any revisions to the plan
and maintain records of all actions taken pursuant to this Corrective Action Order for a
period of not less than 10 years.

Other Requirements:

1. Reporting. Submit quarterly reports to the Director that: (1) include all available data and
   results of the testing and evaluations required by this Order; (2) document any approved
   revisions to the RWP and their implementation; and (3) describe the progress of the
   repairs or other remedial actions being undertaken. The first quarterly report is due on
   November 1, 2015. The Director may change the interval for the submission of these
   reports.

2. Documentation of Costs. It is requested but not required that Respondent maintain
documentation of the costs associated with implementation of this Order. Include in each
monthly report the to-date total costs associated with: (1) preparation and revision of
procedures, studies and analyses; and (2) physical changes to pipeline facilities, including
repairs, replacements and other modifications.

3. Approvals. With respect to each submission requiring the approval of the Director, the
Director may: (a) approve the submission in whole or in part; (b) approve the submission
on specified conditions; (c) modify the submission to cure any deficiencies;(d)
disapprove the submission in whole or in part and direct Respondent to modify the
submission; or (e) any combination of the above. In the event of approval, approval upon
conditions, or modification by the Director, Respondent shall proceed to take all action
required by the submission, as approved or modified by the Director. If the Director
disapproves all or any portion of a submission, Respondent must correct all deficiencies
within the time specified by the Director and resubmit it for approval.
4. **Extensions of Time.** The Director may grant an extension of time for compliance with any of the terms of this Order upon a written request timely submitted and demonstrating good cause for an extension.

The actions required by this Corrective Action Order are in addition to and do not waive any requirements that apply to Respondent’s pipeline system under 49 C.F.R. Parts 190-199, under any other order issued to Respondent under authority of 49 U.S.C. § 60101, *et seq.*, or under any other provision of Federal or State law.

Respondent may appeal any decision of the Director to the Associate Administrator for Pipeline Safety. Decisions of the Associate Administrator shall be final.

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).

Failure to comply with this Order may result in the assessment of civil penalties and in referral to the Attorney General for appropriate relief in United States District Court pursuant to 49 U.S.C. § 60120.

In your correspondence on this matter, please refer to CPF No. 4-2015-1009H and for each document you submit, please provide a copy in electronic format whenever possible.

The terms and conditions of this Corrective Action Order are effective upon receipt.

\[Signature\]
Jeffrey D. Wiese  
Associate Administrator  
for Pipeline Safety  

AUG 06 2015  
Date Issued