

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 22, 2019

Ronald Bessette
Vice President, Operations
Kinder Morgan Louisiana Pipeline, LLC
1001 Louisiana Street, Suite 1000
Houston, Texas 77002

CPF 4-2019-1009

Dear Mr. Bessette:

During the week of January 28, 2019, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) conducted an inspection of Kinder Morgan Louisiana Pipeline's (KM) Compressor Station 760 located in Acadia Parish, Louisiana.

As a result of the inspection, it is alleged that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The item inspected and the probable violation is:

1. §192.303 Compliance with specifications or standards.

Each transmission line or main must be constructed in accordance with comprehensive written specifications or standards that are consistent with this part.

KM failed to construct the Acadia, Louisiana Compressor Station and pipeline facility in accordance with its written Engineering Design Manual, M8370: Plant Application of Single-Layer and Dual-Layer Fusion-Bonded Epoxy Coating, and Construction Standard, C1082: Coating Girth Weld Field Joints with fusion bond epoxy (FBE) on multiple instances.

KM’s Engineering Design Manual, M8370: Section 8.6 states,

8.6. Applicator shall maintain coating thicknesses as required by this specification. Coated pipe that does not meet the requirements for coating thickness shall be stripped and recoated in conformance with this specification.

8.6.1. Reference the table below for application of FBE Single-Layer coating systems and FBE Dual-Layer coating systems. The Company purchase order will specify if other thickness ranges are required.

<i>Coating Thickness: Single-Layer and Dual-Layer Systems</i>	
<i>Application</i>	<i>Single-Layer System (Base Coat Only)</i>
	<i>mils</i>
<i>Minimum Base Coat Thickness</i>	<i>14</i>
<i>Nominal Base Coat Thickness</i>	<i>16</i>
<i>Maximum Base Coat Thickness</i>	<i>25</i>

KM’s Construction Standard Section, C1082: Section 8.5 states,

8.5. The Contractor shall conform to the thickness values listed in the table below.

<i>Coating Thickness: Single-Layer and Dual-Layer Systems</i>	
<i>Application</i>	<i>Single-Layer System (Base Coat Only)</i>
	<i>mils</i>
<i>Minimum Base Coat Thickness</i>	<i>14</i>
<i>Nominal Base Coat Thickness</i>	<i>16</i>
<i>Maximum Base Coat Thickness</i>	<i>25</i>

While reviewing records associated with the plant applied FBE dry film thickness coating of the 42-inch pipe, PHMSA discovered 16 out of 17 instances where the records indicated the FBE coating thickness was thicker than the 25 mils maximum permitted in KM’s written specification. In addition, PHMSA reviewed the field applied girth weld coating inspection records and discovered multiple instances of dry film thickness measurements that were either under 14 mils or above 25 mils. PHMSA noted that in the locations where the dry film thickness was above 25 mils, KM did not increase its holiday detection voltage commensurate with the higher thickness. As a result, KM may have failed to properly identify the location of holidays (coating defects).

Proposed Compliance Order

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$213,268 per violation per day the violation persists, up to a maximum of \$2,132,679 for a related series of violations. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

With respect to item 1 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Kinder Morgan Louisiana Pipeline, LLC. 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).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 190.211. 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. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 4-2019-1009** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Mary L. McDaniel, P.E
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 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Kinder Morgan Louisiana Pipeline, LLC (KM) a Compliance Order incorporating the following remedial requirements to ensure the compliance of KM with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to the failure to meet plant and field applied fusion bond epoxy (FBE) coating dry film thickness measurements as prescribed within KM written specifications, KM must identify and submit a list of all pipelines installed below ground in Compressor Station 760 that do not meet the KM written specifications of FBE coating. KM must determine the adequacy of the coating on the pipeline protection against external corrosion on all identified pipelines that failed to meet the FBE coating written specifications. KM must repair all the holidays discovered during this survey.
2. KM must submit a list of all below ground pipelines that failed to meet the KM coating written specifications to PHMSA within 30 days following receipt of the Final Order to Southwest Region Director.
3. KM must complete the analysis of the effectiveness of both plant and field applied FBE coating and repair holidays within 120 days following receipt of the Final Order.
4. It is requested (not mandated) that KM maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Mary L. McDaniel, 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.