



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

SENT TO COMPLIANCE REGISTERED 1300 W. Dakota Ave., Suite 110
Lakewood, CO 80228
Hardcopy Electronically
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NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 5, 2007

Mr. Dwayne Burton
VP Engineering, Operations and Project Management
Kinder Morgan, Inc.
500 Dallas Street, Suite 1000
Houston, TX 77002

CPF 5-2007-1002M

Dear Mr. Burton:

On August 14-18 and August 28 – September 1, 2006, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Kinder Morgan, Inc. (KMI) procedures for the Integrity Management Program in Lakewood, Colorado.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within KMI's plan or procedure and are described below:

1. Preventive and Mitigative Measures

**§192.911 What are the elements of an integrity management program?
(h) Provisions meeting the requirements of §192.935 for adding preventive and mitigative measures to protect the high consequence area.**

§192.935 What additional preventive and mitigative measures must an operator take?

(a) General requirements. An operator must take additional measures beyond those already required by Part 192 to prevent a pipeline failure and to mitigate the consequences of a pipeline failure in a high consequence area. An operator must base the additional measures on the threats the operator has identified to each pipeline segment. (See § 192.917) An operator must conduct, in accordance with one of the risk assessment approaches in ASME/ANSI B31.8S (ibr, see § 192.7), section 5, a risk

analysis of its pipeline to identify additional measures to protect the high consequence area and enhance public safety. Such additional measures include, but are not limited to, installing Automatic Shut-off Valves or Remote Control Valves, installing computerized monitoring and leak detection systems, replacing pipe segments with pipe of heavier wall thickness, providing additional training to personnel on response procedures, conducting drills with local emergency responders and implementing additional inspection and maintenance programs.

§192.937 (b) Evaluation. An operator must conduct a periodic evaluation as frequently as needed to assure the integrity of each covered segment. The periodic evaluation must be based on a data integration and risk assessment of the entire pipeline as specified in § 192.917. For plastic transmission pipelines, the periodic evaluation is based on the threat analysis specified in § 192.917(d) For all other transmission pipelines, the evaluation must consider the past and present integrity assessment results, data integration and risk assessment information (§ 192.917), and decisions about remediation (§ 192.933) and additional preventive and mitigative actions (§ 192.935). An operator must use the results from this evaluation to identify the threats specific to each covered segment and the risk represented by these threats.

- **Item 1A: §192.911(h) and §192.937(b)**

The KMI procedure for establishing when continual evaluations are needed do not explicitly require that a reevaluation be conducted in response to significant leaks, failures, or incidents.

- **Item 1B: §192.911(h) and §192.935(a)**

IMP I 0070 provides a framework describing requirements for the P&M Measures program. However, KMI has not defined the detailed process steps used for identifying additional measures based on identified threats to each pipeline segment and the risk analysis.

2. Management of Change

§192.911 What are the elements of an integrity management program?

(k) A management of change process as outlined in ASME/ANSI B31.8S, section 11.

§192.909(b) Notification. An operator must notify OPS, in accordance with §192.949, of any change to the program that may substantially affect the program's implementation or may significantly modify the program or schedule for carrying out the program elements. An operator must also notify a State or local pipeline safety authority when either a covered segment is located in a State where OPS has an interstate agent agreement, or an intrastate covered segment is regulated by that State. An operator must provide the notification within 30 days after adopting this type of change into its program.

ASME B31.8S-2001, Section 11

(a) Formal management of change procedures shall be developed in order to identify and consider the impact of changes to pipeline systems and their integrity. These procedures should be flexible enough to accommodate both major and minor changes, and must be understood by the personnel that use them. Management of change shall address technical, physical, procedural and organizational changes to the system whether permanent or temporary. The process should incorporate planning for each of these situations and consider the unique circumstances of each.

A management of change process includes the following:

- (1) Reason for change**
- (2) Authority for approving changes**
- (3) Analysis of implications**
- (4) Acquisition of required work permits**
- (5) Documentation**
- (6) Communication of change to affected parties**
- (7) Time limitations**
- (8) Qualification of staff**

(b) The operator shall recognize that system changes can require changes in the integrity management program and conversely, results from the program can cause system changes. The following are examples that are gas pipeline specific but are by no means all inclusive.

- **Item 2A: §192.911(k) and ASME B31.8S-2001, Section 11(a)**

KMICD Lander Hudson Lateral was listed as an HCA in the 2004 BAP. This HCA was removed from the BAP in the 12/17/2005 BAP. KMI did not document the reason for change, authority for approving change, analysis of implications, or the communication of the change to affected parties.

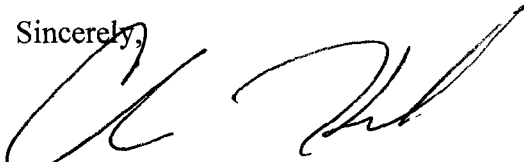
Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. 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). 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, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

In correspondence concerning this matter, please refer to **CPF 5-2007-1002M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*

cc: PHP-60 Compliance Registry
PHP-500 J. Gilliam (#116869)