



U.S. Department
of Transportation

DEC 11 2012

1200 New Jersey Avenue, SE
Washington, D.C. 20590

**Pipeline and Hazardous
Materials Safety
Administration**

Mr. Ron McClain
Vice-President Engineering and Operations
Products Pipelines
Kinder Morgan Energy Partners, LP
500 Dallas St., Suite 1000
Houston, TX 77002

Re: CPF No. 5-2011-5004

Dear Mr. McClain:

Enclosed please find the Final Order issued in the above-referenced case. It makes a finding of violation and specifies actions that need to be taken by Santa Fe Pacific Pipeline, LP, on Line 13 to comply with the pipeline safety regulations. When the terms of the Compliance Order have been completed, as determined by the Director, Western Region, this enforcement action will be 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: Chris Hoidal, Director, Western Region, OPS
Mr. Alan Mayberry, Deputy Associate Administrator for Field Operations, OPS

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)

Santa Fe Pacific Pipeline, LP,)

Respondent.)
_____)

CPF No. 5-2011-5004

FINAL ORDER

Between October 4-8, 2010, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), inspected Santa Fe Pacific Pipeline, LP., (SFPP or Respondent) Line 13 and associated facilities in the State of Nevada. SFPP operates approximately 2858 miles of pipeline in California, Oregon, and Nevada including 1743 miles of pipeline located in high consequence areas (HCAs) and is a subsidiary of Kinder Morgan Energy Partners, LP (KMEP).¹

As a result of the inspection, the Director, Western Region, OPS (Director), issued to Respondent, by letter dated February 28, 2011, a Notice of Probable Violation and Proposed Compliance Order (Notice), which also included warnings pursuant to 49 C.F.R. § 190.205. 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 ordering SFPP to take certain measures to correct one alleged violation. Two warning items required no further action, but warned the operator to correct the alleged violations or face possible enforcement action.

KMEP responded to the Notice on behalf of SFPP by letter dated April 6, 2011 (Response), as supplemented by letter dated September 30, 2011 (Second Response). The company offered information and explanations in response to the Notice, provided information concerning the corrective actions it has taken, and requested that the Proposed Compliance Order be modified. Respondent did not request a hearing and therefore has waived its right to one.

¹ Kinder Morgan Energy Partners, LP, transports crude oil, refined petroleum products, and highly volatile liquids through more than 8,000 miles of pipelines in the United States.
See http://www.kindermorgan.com/business/products_pipelines/ (last accessed August 29, 2012).

FINDING OF VIOLATION

The Notice alleged that Respondents violated 49 C.F.R. Part 195, as follows:

Item 3: The Notice alleged that Respondents violated 49 C.F.R. § 195.406(b), which states:

§ 195.406 – Maximum operating pressure

(a)

(b) No operator may permit the pressure in a pipeline during surges or other variations from normal operations to exceed 110 percent of the operating pressure limit established under paragraph (a) of this section. Each operator must provide adequate controls and protective equipment to control the pressure within this limit.

The Notice alleged that Respondent violated 49 C.F.R. § 195.406(b) by failing to provide pressure controls and overpressure protection on certain in-station piping at the Sparks Terminal against over-pressurization beyond 110 percent of its established maximum operating pressure (MOP). Specifically, the Notice alleged that on October 5, 2009, the operating pressure of the transfer line from the Sparks Terminal to OP Reno's facility exceeded the established MOP of 264 psig and rose to at least 307 psig, the limit of the pressure recording equipment's range, over a period of 9 hours and 50 minutes.

In its Response, KMEP acknowledged that the in-station pipe pressure was not controlled within the MOP limits on October 5, 2009, and stated that its investigation of the overpressure event identified several corrective actions that needed to be implemented to provide adequate pressure controls and protective equipment to keep operating pressures below the MOP.

Accordingly, after considering all of the evidence, I find that Respondent violated 49 C.F.R. § 195.406(b) by failing to provide pressure protection for in-station piping at the Sparks Terminal against over-pressurization beyond 110 percent of its established MOP.

COMPLIANCE ORDER

The Notice proposed a Compliance Order with respect to Item 3 in the Notice for violation of 49 C.F.R. § 195.406(b). Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. The Director has indicated that Respondent has taken the following actions to address the cited violation:

1. With respect to the violation of § 195.406(b) (**Item 3**), Respondent provided documentation showing that it has completed facility personnel training for:
 - Liquids Operations & Maintenance (LO&M) Procedure 159 (Incident Reporting and Investigation);
 - LO&M Procedure 260 (Maximum Operating Pressure);

- LO&M Procedure 500 (Pump Station Emergency Shut-Down);
 - LO&M Procedure 1900 (Abnormal Operating Conditions and Emergency Response Plan); and
 - Additional Operator Qualification (OQ) training relevant to the overpressure event.
2. Respondent provided documentation showing that it has performed comprehensive evaluations of the pressure control devices from the Rocklin Pump Station to the Fallon Naval Air Station and performed a verified review of LO&M 703 and LO&M 260.
 3. Respondent reported the safety improvement costs and submitted the total to the Director.

As for the remaining proposed compliance terms, pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. Within 60 days following receipt of this Order, Respondent must complete the comprehensive evaluation and make needed changes and additions to the thermal relief protection at Line 13 stations and terminals as specified in the "Thermal Protection Table (rev 2)" portion of KMEP's Second Response.
2. It is recommended that Respondent upgrade the SCADA and pressure recording devices to record all possible pressures at their facilities to ensure that any overpressure incident is fully recorded, including incidents over 307 psig should they occur.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$200,000 for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

WARNING ITEMS

With respect to Items 1 and 2, the Notice alleged probable violations of Part 195 but did not propose a civil penalty or compliance order for these items. Therefore, these are considered to be warning items. The warnings were for:

49 C.F.R. § 195.410(a)(1) (**Item 1**) — Respondent's alleged failure to place a line marker at the Line 13 Taylor Street crossing in Fallon, Nevada; and

49 C.F.R. § 195.410(a)(2)(i) (**Item 2**) — Respondent's alleged failure to place a pipeline marker at the Everett Street crossing in West Reno that included the word "Warning," "Caution," or "Danger" in accordance with the requirements of § 195.410(a)(2)(i).

KMEP presented information in its Responses showing that it had taken certain actions to address the cited items. If OPS finds a violation of any of these items, Respondent may be subject to future enforcement action.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a petition for reconsideration of this Final Order. Should Respondent elect to do so, the petition must be sent to: Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. PHMSA will accept petitions received no later than 20 days after receipt of service of this Final Order by the Respondent, provided they contain a brief statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.215. Unless the Associate Administrator, upon request, grants a stay, 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

DEC 11 2012

Date Issued