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04-04-11P12:44 RCVD

March 29, 2011

Mr. Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration
12300 West Dakota Ave., Suite 110
Lakewood, CO 80228

Re: Notice of Probable Violation CPF 5-2011-5005

Dear Mr. Hoidal:

On August 1-6, 2011, a representative from the Pipeline and Hazardous Materials Safety Administration (PHMSA) Western Region, conducted an on-site pipeline safety inspection of Kinder Morgan Pipelines (USA) Inc. ("Kinder Morgan") facilities in Wyoming and Montana and the corresponding operating manuals and records located in Casper, WY. Based on the discussion at the closing conference and the prior correspondence, Kinder Morgan understood that no enforcement was warranted for these alleged issues and was surprised to receive on March 17, 2011 the "Notice of Probable Violation and Proposed Compliance Order" letter dated February 28, 2011. Kinder Morgan personnel have reviewed the violation letter and respectfully offer the following responses to the alleged deficiencies.

The "Notice of Probable Violation Letter" identified seven items of concern which include five "probable violations" and two "warnings." As noted below, Kinder Morgan has already addressed most of the aforementioned issues or believes that they were issued in error. Nevertheless, Kinder Morgan seeks an amicable resolution of the issues with PHMSA and thus in accordance with the Response Options for Pipeline Operators in Compliance Proceedings included with the violation letter, Kinder Morgan does not intend to contest the compliance order but is providing written explanations, information, or other materials that Kinder Morgan believes warrant modification to the proposed compliance order. As an attachment to this response, we have provided suggested revisions to the order language to ensure it is accurate and factually correct.

Excerpts from the alleged deficiencies are noted below in *italic text* and the mitigation taken by Kinder Morgan is detailed in the **bold text** that follows.

1. *195.404 Maps and Records "...Kinder Morgan Pipeline USA had not revised their Montana Express Pipeline maps and records, including alignment sheets, since 2003". "...Making construction records, maps, and operating history available for safe operation and maintenance is a regulators' requirement under 195.403(c)(1). To this end, an operator must maintain their maps and records so they are current".*

Response: At the time of the inspection, Kinder Morgan was nearing completion of work on a GIS system that would generate updated alignment sheets. That work was completed on November 1, 2010, at which time the new alignment sheets were issued to field personnel and are now being utilized. The Notice of Probable Violation also implies that additional maps and records other than alignment sheets were incomplete or not current, which is not accurate. All other applicable records and drawings are current and always have been. Kinder Morgan is providing a copy of the new alignment sheets and copies of representative drawings as evidence that these items are current. Accordingly, Kinder Morgan requests that since this item is completed that it be removed from the final order or, in the alternative, that the order language be clarified as suggested below to clarify that the issue was the alignment sheets.

2. *195.428 Overpressure safety devices and overflow protection systems* "...Kinder Morgan did not inspect and test overpressure safety devices at Wild Horse pump station at intervals not exceeding 15 months, but at least once each calendar year..."

Response: Overpressure safety devices at Wild Horse pump station have always been inspected and tested within the required timeframe. It is not clear to Kinder Morgan why these records were not requested/provided at the time of the inspection. Wild Horse station is location in Canada and the records are kept on-line and also in the Hardisty Alberta office but are always readily available. Kinder Morgan is providing a copy of the inspection and testing requirements for the last two years and requests that this item be removed from the final order

3. *195.430 Firefighting equipment* "...Kinder Morgan did not know if they maintained adequate firefighting equipment at its Montana facilities. The potential for inadequate fire equipment existed because Kinder Morgan failed to distribute tactical fire fighting preplans for their pump stations and breakout tanks to local firefighting organizations". "...Determination of adequate fir equipment at each pump station and tanks are not complete".

Response: Kinder Morgan has in the past and continues to maintain adequate fire protection equipment at each pump station and breakout tank area. Additionally, Kinder Morgan had fire protection plans in place at facilities with breakout tanks (Edgar, Buffalo). Kinder Morgan was also in the process of developing plans for non-tank facilities. Those fire protection plans are now complete and Kinder Morgan is currently scheduling meetings with local fire departments to deliver and review the plans. The plan distribution/review will be complete by the end of the second quarter 2011. Additionally, Kinder Morgan provided a facility open house and tank fire training session to the fire departments located in and around the Edgar facility. Kinder Morgan has an ongoing liaison program with local fire departments to enhance their knowledge and familiarity with Kinder Morgan facilities and is providing records of training sessions and meetings that have been conducted with the local fire departments. We request that the language in the final order be changed as indicated below to clarify that the plans that the issue is solely in regard to fire plans for non-tank facilities.

4. *195.569 Do I have to examine exposed portions of buried pipelines? "Kinder Morgan failed to examine exposed portions of its buried pipeline near Gilford, Montana. Right of Way Activity Report ND179, dated September 23, 2009, documents a pipe inspection report at Station 1214+90, however, the reports indicates an incomplete examination..."*

Response: The issue with the report was that it was only partially completed and the signature line was only initialed by the employee conducting the inspection, as opposed to signing his full name. Kinder Morgan immediately communicated to all personnel the importance of completing reports thoroughly and accurately including signature. This communication will be repeated on an ongoing basis as necessary.

5. *195.573 What must I do to monitor external corrosion control? "Kinder Morgan did not adequately check an interference bond whose failure would jeopardize structural protection at least six times each calendar year, but with intervals not exceeding 2 ½ months..."*

Response: Kinder Morgan has added the test point to the bi-monthly report. Previously, the test point was read on an annual basis. Kinder Morgan believes that categorizing the anode bed as a critical bond could be disputed as a matter of interpretation. However, Kinder Morgan is providing a copy of these reports since the inspection. Since this item has been fully addressed, Kinder Morgan requests that it be removed from the final order.

6. *195.577 What must I do to alleviate interference currents? "Kinder Morgan had not identified or alleviated apparent stray currents at all locations on their pipeline..."*. "...Per 195.577, an operator is required to identify, test for, and minimize effects of stray currents on their pipelines yet this area does not appear to have been addressed".

Response: Kinder Morgan engaged NW Energy (pipeline in area) and implemented a procedure to test for interference with a foreign pipeline system. A test bond was installed at the test station where Express crosses NW Energy. A resistor and shunt in were installed regulating the current back to NW Energy. Kinder Morgan also raised the Warren Rectifier to 6.8 volts and 2.72.amps. The area was resurveyed and all readings are in the normal range, therefore, the interference has been mitigated. Kinder Morgan will continue to evaluate this test station during future surveys and will include the data in the bi-monthly report.

7. *195.579 What must I do to mitigate internal corrosion? "Kinder Morgan failed to examine coupons or other monitoring equipment twice each calendar year exceeding 7 ½ months to determine the effectiveness of the inhibitors that was used to mitigate internal corrosion"*.

Response: Kinder Morgan's internal corrosion control program includes routine pigging, inspection of removed pipe for internal corrosion, and the use of bactericide corrosion inhibitors introduced quarterly into Breakout Tanks (BOT) and metal buried sump tanks. Each BOT and sump tank is tested annually for APB and SRB bacteria.

Kinder Morgan does not utilize corrosion coupons in the Express pipeline system because historical use of corrosion coupons on the Platte system was deemed ineffective so coupons have not been installed on Express pipeline.

Kinder Morgan utilizes permanently mounted Ultrasonic (UT) Probes on the Platte pipeline to monitor changes to known internal corrosion features that have been identified from ILI inspection tools and confirmed in the field. Currently, Kinder Morgan does not have any permanent UT probes installed on the Express pipeline. Historical in-line inspections of Express pipeline and subsequent correlation digs have not identified any internal corrosion features on the Express mainline that have been candidates for the UT probes. This program will be continued in the future so that when features are identified the UT probes will be installed and monitored.

Kinder Morgan does not propose to install corrosion coupons on Express but prefers to install an on-line internal corrosion monitoring system on the Buffalo station tank lines in lieu of corrosion coupons. Kinder Morgan will move forward with identifying a design and cost details for installing on-line internal corrosion monitoring equipment at Buffalo station but is requesting a timeline extension until September 1, 2011 to have those systems installed. This timeline will provide Kinder Morgan with adequate time to evaluate, procure and install the necessary equipment and services. Once operational the on-line corrosion monitoring equipment will be examined at least twice each calendar year not to exceed 7 ½ months to meet the requirements of 195.579.

Lastly, in compliance with the proposed order, Kinder Morgan is tracking all of the future costs associated with the seven issues discussed above.

Based on the information provided above, all of the alleged issues stemming from the February 28, 2011 "Notice of Probably Violation Letter" have been or are in the process of being mitigated and these facts should be reflected in the "Final Compliance Order" issued by PHMSA in accordance with the suggested revisions to the order included at the end of this letter. If you would like further clarification or documentation on any of these issues, please do not hesitate to contact me at (307) 233-6169.

Sincerely,



Dean Dick
Operations Director

Attachments:

- Suggested revisions to Proposed Compliance Order
- CD of alignment sheets and representative drawings
- Two years of completed work orders for overpressure device monitoring at Wild Horse
- Bi-monthly inspection reports
- Training and meeting records with Edgar fire department
- Other meeting records with fire departments on Express pipeline

cc: Hugh Harden Chris Murray
 Jessica Toll Mark Bihr