WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 9, 2012

Mr. Ron McClain
Vice President
Central Florida Pipeline Corporation
Kinder Morgan Energy Partners, L.P.
500 Dallas Street, Suite 1000
Houston, TX 77002

CPF 2-2012-6004W

Dear Mr. McClain:

On November 14-18, 2011, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) inspected the Central Florida Pipeline Corporation (CFPL) refined petroleum products pipeline system from Tampa to Orlando, Florida, pursuant to Chapter 601 of 49 United States Code. CFPL is a subsidiary of Kinder Morgan Energy Partners, L.P.

As a result of the inspection, it appears that CFPL has committed probable violations of the Pipeline Safety Regulations codified in Title 49 of the Code of Federal Regulations. The items inspected and the probable violations are as follows:

1. **§195.573 What must I do to monitor external corrosion control?**
   … (e) *Corrective Action*. You must correct any identified deficiency in corrosion control as required by §195.401(b). However, if the deficiency involves a pipeline in an integrity management program under §195.452, you must correct the deficiency as required by §195.452(h).

   CFPL did not correct several identified corrosion control deficiencies as required by §195.401(b).

   A review of CFPL's 2009 and 2010 annual cathodic protection (CP) survey pipe-to-soil (p/s) readings revealed several locations along the 16-inch pipeline with CP deficiencies (i.e. less negative than – 850 mV) as listed below:

   – Mile Post 56.598: -709mV in December 2009 and -825mV in December 2010
   – Mile Post 97.514: -800mV in December 2009 and -799mV in December 2010
   – Mile Post 97.598: -822mV in December 2009 and -771mV in December 2010

During the PHMSA field inspection of the above locations in November 2011, the p/s readings were confirmed as less negative than required by the CP criteria used by CFPL.

Additionally, all of the p/s readings for the ASI Line (a 2.5 mile lateral off of the 10-inch main line) were less negative than the -850mV criteria, per the annual survey CFPL conducted in December 2010. The readings ranged between -422mV and -818mV. During the PHMSA field inspection, a p/s reading of -805mV was taken on the ASI Line at the Arabian Night Road test station. It should be noted that CFPL had not completed its 2011 annual CP survey at the time of the inspection.

2. **§195.567 Which pipelines must have test leads and what must I do to install and maintain the leads?**
… (c) *Maintenance*. You must maintain the test lead wires in a condition that enables you to obtain electrical measurements to determine whether cathodic protection complies with §195.571.

CFPL did not maintain all CP test leads in a condition that enabled it to obtain electrical measurements to determine whether cathodic protection complies with §195.571.

The December 2009 and December 2010 annual CP surveys at mile post (MP) 3.941 along the 16-inch line showed p/s readings of -59mV and -68mV, respectively. These low p/s readings were indicative of inadequate test lead contact with either the electrolyte or the buried pipe.

3. **§195.404 Maps and records.**
(a) Each operator shall maintain current maps and records of its pipeline systems that include at least the following information:
… (2) All crossings of public roads, rivers, buried utilities, and foreign pipelines.

CFPL did not maintain current maps and records of its pipeline system that included all foreign pipeline crossings.

PHMSA's review of the operator's alignment sheets revealed that the location of the Florida Gas Transmission crossings of CFPL's 10-inch line in the immediate vicinity of I-75, as well as further east along the line near Plant City, were not depicted or referenced. Furthermore, the TRANSCO crossing of CFPL's 16-inch line near State Route 17 was not depicted or referenced in the operator's alignment sheets.

4. **§195.404 Maps and records.**
(a) Each operator shall maintain current maps and records of its pipeline systems that include at least the following information:
(1) Location and identification of the following pipeline facilities;
… (iv) Pipeline valves

CFPL did not maintain current maps and records of its pipeline system to include the location and identification of all pipeline valves.

The operator did not maintain a reference list or documentation of the pipeline valves requiring bi-annual inspection. Furthermore, the valve inspection logs for 2009, 2010, and

2011 each list varying numbers of valves, with varying descriptions, at the ASI receiving manifold. The valves at this location were not shown in detail on the alignment sheets, or referenced in any other documentation, so it was not possible to confirm the correct number of valves, or their location/description.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed $100,000 for each violation for each day the violation persists up to a maximum of $1,000,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the items identified in this letter. Failure to do so will result in Central Florida Pipeline Corporation being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 2-2012-6004W**. 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).

Sincerely,

Wayne T. Lemoi
Director, Office of Pipeline Safety
PHMSA Southern Region