



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

901 Locust Street, Suite 462
Kansas City, Missouri 64106-2641

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 30, 2015

Mr. Ron McClain
Vice President – Engineering and Operations
Kinder Morgan Cochin, LLC
500 Dallas Street, Suite 1000
Houston, Texas 77002

CPF 3-2015-5008

Dear Mr. McClain:

On June 11-15, 2012, and July 23-27, 2012, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code inspected your Cochin hazardous liquid pipeline in the areas of Charles City, Iowa, and Jamestown, North Dakota.

As a result of the inspection, it appears that Kinder Morgan Cochin, LLC (KM) has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation(s) are:

1. **§195.428 Overpressure safety devices and overfill protection systems**

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

KM failed to inspect and test each highly volatile liquids pump station pressure limiting device to determine that it was functioning properly, in good mechanical condition, and adequate from the standpoint of capacity and reliability.

KM uses an electrical communication loop for operation of the overpressure protection system at its pump stations. This communication loop is from the pressure sensing line, to the transmitter, to the programmable logic controller, to the variable frequency drive or variable speed drive, and to the pump. In this scenario the "pressure limiting device" is the entire communication loop, since all of these devices must be functioning properly for pressure control. Therefore, the entire loop must be inspected to meet the requirement of §195.428. KM only inspected the transmitters and failed to inspect any other portion of the communication loop for four (4) inspection cycles from October 2010 to April 2012 at the Masonville Pump Station in Iowa.

2. **§195.428 Overpressure safety devices and overfill protection systems**

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

KM failed to adequately inspect and test the pressure limiting device at the highly volatile liquids Alameda Pump Station for function at the proper pressure limit. Inspection records of the Alameda Pump Station indicate that the pressure limiting device was set at 1200 psig on June 22, 2011, and 1300 psig on October 24, 2011, which are both above 110% of the 1000 psig maximum operating pressure limit.

3. **§195.428 Overpressure safety devices and overfill protection systems**

- (a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

KM did not inspect and test the highly volatile liquids Alameda Pump Station at intervals not to exceed 7½ months, but at least twice each calendar year. KM did not have any records of inspection conducted on the pressure limiting devices at the station between June 1, 2010, and June 22, 2011. An inspection should have occurred no later than December 31, 2010. Therefore the inspection interval was exceeded by five (5) months and 22 days.

(Note: The Alameda Pump Station in Canada provides overpressure protection for PHMSA's regulated segment from Milepost 621 at the Canadian/US border to Milepost 652 at Maxbass Pump Station, North Dakota.)

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violations and has recommended that you be preliminarily assessed a civil penalty of \$51,400 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$15,100
2	\$14,700
3	\$21,600

Proposed Compliance Order

With respect to item 1 pursuant to 49 United States Code § 60118, The Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Kinder Morgan Cochin, 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. All material you submit in response to this enforcement action may be 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.

In your correspondence on this matter, please refer to **CPF 3-2015-5008** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



Allan C. Beshore
Director, Central Region, OPS
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Kinder Morgan Cochlin, LLC a Compliance Order incorporating the following remedial requirements to ensure the compliance of Kinder Morgan Cochlin, LLC with the pipeline safety regulations:

1. In regard to Item 1 of the Notice pertaining to inspecting and testing its pressure limiting devices, Kinder Morgan shall amend its practices and procedures to include the entire electrical communication loop which controls its overpressure protection devices. Kinder Morgan shall submit the amended procedure manual within 90 days of the Final Order. KM shall then conduct an inspection of its overpressure protection devices in accordance with its amended procedure within 180 days of the Final Order.
2. It is requested (not mandated) that Kinder Morgan Cochlin, LLC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Allan C. Beshore, Director, Central Region, OPS, 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.