

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 29, 2012

Mr. Charles Fox
Vice President Operations
Kinder Morgan CO2 Company
500 Dallas, Suite 1000
Houston, TX 77002

CPF 4-2012-5022M

Dear Mr. Fox:

In November and December 2011, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Kinder Morgan CO2 procedures for External Corrosion control in Cortez, CO.

On the basis of the inspection, PHMSA has identified the apparent inadequacy found within Kinder Morgan CO2 plans or procedures, as described below:

1. 195.577 What must I do to alleviate interference currents?

(a) For pipelines exposed to stray currents, you must have a program to identify, test for, and minimize the detrimental effects of such currents.

At the time of the inspection, Kinder Morgan CO2 "KMCO2" presented Procedure L-O&M 903: External Corrosion Control for Buried or Submerged Pipelines revised 10-12-2011, "L-O&M 903." The L-O&M-903 procedure section 3.9 addresses the mitigation of, but does not identify methods for testing for and monitoring interference currents, how frequently testing and monitoring is to occur, and how it is recorded.

During a follow-up meeting held February 1, 2012, KMCO2 provided Integrity Management Program - Protocol 14: AC Corrosion Mitigation and Monitoring, "Protocol 14" that includes criteria for identifying locations where AC fault currents could exist, how to test for, monitor and mitigate them. During this meeting it was clarified that Protocol 14 was not effective during the Audit of the Cortez pipeline system.

Although Protocol 14 was not effective at the time of the audit, it appears to contain the considerations to appropriately address AC fault currents. It was determined however, that as this was part of the Integrity Management Program, it only applied to High Consequence Areas, giving KMCO2 the procedural option not to use it. In addition, Protocol 14 referred to L-O&M 903, but L-O&M 903 did not refer to Protocol 14. Protocol 14 also identified testing methods, but did not identify how these tests were being recorded.

KMCO2 must update their procedures and or protocols to clarify how it is identifying where AC fault currents could occur, how they are tested for and monitored how frequently these tests are to be made and how they are being recorded. These procedural changes must be made to be required where applicable regardless of whether the pipeline or pipeline facility is in a High Consequence Area or not.

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.

It is requested (not mandated) that KMCO2 maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to R. M. Seeley, Director, Southwest Region, Pipeline and

Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 4-2012-5022M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration

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