



U.S. Department
of Transportation

**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Avenue SE
Washington, DC 20590

Mr. Steven J. Kean
President and Chief Executive Officer
Kinder Morgan, Inc.
1001 Louisiana Street
Houston, TX 77002-5089

DEC 29 2016

Re: CPF No. 4-2016-1005

Dear Mr. Kean:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violations, assesses a civil penalty of \$110,700, and specifies actions that need to be taken by El Paso Natural Gas Company, LLC to comply with the pipeline safety regulations. El Paso Natrual Gas Company, LLC is owned by Kinder Morgan, Inc. In addition, the Final Order finds that El Paso Natural Gas Company, LLC has completed some of the actions specified in the Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order to comply with the pipeline safety regulations. Further, this is to acknowledge receipt of your payment of the full penalty amount, by wire transfer dated August 24, 2016. When the remaining terms of the compliance orders are completed, as determined by the Director, Southwest Region, this enforcement action will be closed. Service of the Final Order by certified mail is effective as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Roderick M. Seeley, Director, Southwest Region, OPS
Mr. Gary Buchler, Chief Operating Officer, Kinder Morgan Natural Gas Division

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

³ *Id.*

actions it had taken in response to the Notice. Further, the company paid the proposed civil penalty of \$110,700, as provided in 49 C.F.R. § 190.227. Respondent did not request a hearing and therefore has waived its right to one.

FINDINGS OF VIOLATION

In its Response, EPNG did not contest the allegations in the Notice that it violated 49 C.F.R. Part 192, as follows:

Item 3: The Notice alleged that Respondent violated 49 C.F.R. § 192.463(a), which states:

§ 192.463 External corrosion control: Cathodic protection.

(a) Each cathodic protection system required by this subpart must provide a level of cathodic protection that complies with one or more of the applicable criteria contained in appendix D of this part. If none of these criteria is applicable, the cathodic protection system must provide a level of cathodic protection at least equal to that provided by compliance with one or more of these criteria.

The Notice alleged that Respondent violated 49 C.F.R. § 192.463(a) by failing to provide a level of cathodic protection (CP) on Line 1300 that complies with the applicable criteria contained in appendix D of Part 192. Specifically, the Notice alleged that Respondent identified the section of pipeline on Line 1300 Plains to San Juan, between milepost (MP) 53 0+00 to MP 122 0+00, as being protected by applying the 100 mV polarization decay criteria. PHMSA reviewed the annual surveys, which indicated the protection was below the level of CP that complies with the applicable criteria. From 2012 through 2014, 37 test points had pipe-to-soil reads that did not meet the 100 mV polarization shift. The records did not demonstrate that a minimum of 100 mV of cathodic polarization between the structure surface and a stable reference electrode contacting the electrolyte was maintained.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.463(a) by failing to provide a level of CP on Line 1300 that complies with the applicable criteria contained in appendix D of Part 192.

Item 4: The Notice alleged that Respondent violated 49 C.F.R. § 192.465(a), which states:

§ 192.465 External corrosion control: Monitoring.

(a) Each pipeline that is under cathodic protection must be tested at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of §192.463. However, if tests at those intervals are impractical for separately protected short sections of mains or transmission lines, not in excess of 100 feet (30 meters), or separately protected service lines, these pipelines may be surveyed on a sampling basis. At least 10 percent of

these protected structures, distributed over the entire system must be surveyed each calendar year, with a different 10 percent checked each subsequent year, so that the entire system is tested in each 10-year period.

The Notice alleged that Respondent violated 49 C.F.R. § 192.465(a) by failing to test each pipeline that is under cathodic protection at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection met the requirements of § 192.463. Specifically, the Notice alleged that Respondent failed to perform annual surveys on Lines 1104, 1112, 1113, 1208, 2134, the Dutch Flat Compressor Station underground piping located in unit 55334 (Topock Area ACC), and Line 1300 - Roswell at MP 59 0+00 within the required 15-month interval. The Line 1300 survey also skipped the 2012 calendar year. The survey dates were as follows:

Line 1104	May 14-21, 2012 through September 1-4, 2013;
Line 1112	May 21-24, 2012 through September 5, 2013;
Line 1113	May 21-24, 2012 through September 5, 2013;
Line 1208	May 21-23, 2012 through September 5, 2013;
Line 2134	May 17, 2012 through September 4, 2013; and
Line 1300	August 28, 2011 through July 28, 2013.

In each instance the 15-month interval was exceeded.

Respondent did not contest this allegation of violation but clarified that the survey for the entire Line 1300 was not skipped in the 2012 calendar year. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.465(a) by failing to test each pipeline that is under cathodic protection at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection met the requirements of § 192.463.

Item 10: The Notice alleged that Respondent violated 49 C.F.R. § 192.743(a), which states:

§ 192.743 Pressure limiting and regulating stations: Capacity of relief devices.

(a) Pressure relief devices at pressure limiting stations and pressure regulating stations must have sufficient capacity to protect the facilities to which they are connected. Except as provided in § 192.739(b), the capacity must be consistent with the pressure limits of § 192.201(a). This capacity must be determined at intervals not exceeding 15 months, but at least once each calendar year, by testing the devices in place or by review and calculations.

The Notice alleged that Respondent violated 49 C.F.R. § 192.743(a) by failing to determine the necessary capacity of multiple relief devices at intervals not exceeding 15 months, but at least once each calendar year. Specifically, the Notice alleged that Respondent did not determine the capacity at the required intervals on the following devices:

1) Kat Generator Fuel Gas at Lincoln 6552 Station (Reference Drawing/Record Number: 1001-0849) - EPNG failed to verify the relief valve orifice ID and the outlet size. As a result, the capacity calculation was found to be inaccurate for the calendar years 2011, 2012, and 2013. EPNG initiated an investigation of this issue after the PHMSA inspector's findings. This violation was corrected on October 13, 2014, and the capacity was found to be adequate.

2) First Cut for Generator Fuel at Rio Vista 6577 Station (Reference Drawing/Record Number: 1001-2215) - EPNG failed to provide capacity calculations for the calendar years 2011, 2012, and 2013. EPNG initiated an investigation of this issue after the PHMSA inspector's findings. This violation was corrected on October 13, 2014, and the capacity was found to be adequate.

3) Generator Fuel Gas at Bondad 6210 Station (Reference Drawing/Record Number: 1000-8383) - EPNG failed to provide regulator calculated/input capacity calculations for the calendar years 2011, 2012, and 2013. This violation was corrected on October 15, 2014, and the capacity was found to be adequate.

4) Line 1300/1301 - Women's Correctional Facility -DPC 20596 - MP 331 +4669 Regulator 1 Relief Valve 1 at Gallup 6538 Mainline Device (Reference Drawing/Record Number: 1001-2497 & 1001-2498) - EPNG failed to provide capacity calculations for the calendar years 2011 and 2012. The relief valve capacity summary sheet for 2013 was based on assuming relief valve is series 80 type 81 with orifice ID= 8 and required verification of relief valve data. This issue was verified as a result of a PHMSA audit. The issue was corrected on October 14, 2014, and the capacity was found to be adequate.

5) Turbine 2 Expansion Gas at White Rock 6597 Station (Reference Drawing/Record Number: 1000-8405) - EPNG failed to verify the Inlet Pressure and Maximum Allowable Operating Pressure (MAOP) upstream during calendar years 2011 and 2013. As a result, the capacity calculation was found inaccurate (based on 10/29/2014 report). EPNG did not verify the capacity calculation in 2012. EPNG corrected this violation on October 15, 2014, and the capacity was found to be adequate.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.743(a) by failing to determine the necessary capacity of multiple relief devices at intervals not exceeding 15 months, but at least once each calendar year.

Item 11: The Notice alleged that Respondent violated 49 C.F.R. § 192.805(a), which states:

§ 192.805 Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

- (a) Identify covered tasks

The Notice alleged that Respondent violated 49 C.F.R. § 192.805(a) by failing to develop, follow and identify certain covered tasks in its written Operator Qualification (OQ) program. EPNG's OQ program does not include provisions to identify the covered task of loading, launching, receiving, and unloading in-line inspection (ILI) smart tools used to perform integrity assessments to meet the requirements of § 192.937(c)(1). Specifically, the Notice alleged that EPNG stated that the Legacy El Paso and Kinder Morgan natural gas pipelines do not have a specific task for launching and receiving ILI tools for both in-service and out-of-service pipelines. Loading, launching, receiving, and unloading ILI tools are covered maintenance tasks and meet the four part test required by § 192.801(b). They are performed on a pipeline facility, are operations and maintenance tasks, are performed as a requirement of 49 C.F.R. § 192.805 within the integrity management requirements, and they affect the operations and integrity of the pipeline.

When the PHMSA inspector inquired about the covered tasks for loading, launching, receiving and unloading ILI tools, an EPNG representative stated that the Legacy El Paso and Kinder Morgan natural gas pipelines do not have a specific task for launching and receiving ILI tools. EPNG further stated that the company uses a combination of natural gas pipeline operator qualification tasks for in-line tool inspection projects. The PHMSA inspector requested EPNG to provide a list of specific covered tasks that encompass the steps required for pigging operations such as isolating pipeline barrels, relieving pressure, inserting or removing internal devices, pressurizing barrel and launching/receiving internal devices. EPNG identified the following covered tasks from its OQ program:

- 004.01.01: *Corrosion Monitoring - Atmospheric, External, and Internal: General;*
- 04.01.02: *Corrosion Monitoring -Atmospheric, External, and Internal: Offshore Pipelines;*
- 08.01.01: *Locating pipelines;*
- 14.10. 01: *Line Markers;*
- 14.11.03: *Pipeline Shutdown, Startup or Pressure Change; Operating Identified Valve(s);*
- 14.20.01: *Valve Maintenance: Inspection & Partial Operation,*
- 14.20.02: *Valve Maintenance: Maintenance;*
- 18.01.01: *Pressure Regulating, Limiting, & Relief Device - O&M; and*
- 27.01.1: *Gas control.*

Upon review, the PHMSA inspector determined that these tasks do not encompass the training and qualification requirements specific to loading ILI tools, launching, receiving, and unloading these tools from both in-service and out of service lines.

Specifically, tasks 004.01.01, 04.01.02, 08.01.01, 14.10.01, 14.11.03, 14.20.01, 14.20.02, 18.01.01 and 27.01.01 did not encompass the steps required for pigging operations. They did not have requirements for identifying the procedures, practices, and equipment needed for conducting pigging operations; the identification of associated valves; steps for associated isolation and lockout/tagout procedures (isolating the barrel from pipeline); relieving pressure

within the barrel and/or, inserting or removing internal devices into or from the barrel, pressurizing the barrel to pipeline pressures; launching, monitoring, and/or receiving or removing ILI tools; nor realigning all identified valves to normal operations. These covered tasks did not reflect the marked differences in pigging operations on in-service and out-of-service lines such as use of product to propel the ILI tool and specific Abnormal Operating Conditions that individuals performing loading, launching, receiving, and unloading need to be qualified to perform.

The PHMSA inspector reviewed the Kinder Morgan Procedure Operations and Maintenance (O&M) 235: *Pigging Operations* (Revised date January 1, 2006), section 4 *Training* which states, "Review this procedure and other relevant procedures before pigging projects. Document all training in the employee's local file." No covered task in The Kinder Morgan OQ Program Appendix A *Table of Gas Covered Tasks* (Revised date: April 30, 2014) reference procedure O&M 235. The Kinder Morgan Procedure O&M 916 *In-Line Inspections* does not reference covered tasks that are necessary for qualification to perform ILI runs.

It should be noted that on April 1, 2013, EPNG reported an Abnormal Operation Incident # 201304017437 (EPNG Dimmitt Station unit 2 discharge relief valve event) due to improper block valve operation during pig launching operation at 5793 Springlake, Texas. The root cause investigation performed by EPNG attributed the incident to a lack of knowledge.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.805(a) by failing to develop, follow and identify certain covered tasks in its written OQ program.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations. In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; and any effect that the penalty may have on its ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require. The Notice proposed a total civil penalty of \$110,700 for the violations cited above.

Item 3: The Notice proposed a civil penalty of \$53,200 for Respondent's violation of 49 C.F.R. § 192.463(a), for failing to provide a level of CP on Line 1300 that complies with the applicable criteria contained in appendix D of Part 192. EPNG neither contested the allegation nor

presented any evidence or argument justifying a reduction in the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$53,200 for violation of 49 C.F.R. § 195.463(a). Payment for this Item was received on August 24, 2016.

Item 4: The Notice proposed a civil penalty of \$23,700 for Respondent's violation of 49 C.F.R. § 192.465(a), for failing to test each pipeline that is under cathodic protection at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the CP met the requirements of § 192.463. EPNG neither contested the allegation nor presented any evidence or argument justifying a reduction in the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$23,700 for violation of 49 C.F.R. § 195.465(a). Payment for this Item was received on August 24, 2016.

Item 10: The Notice proposed a civil penalty of \$33,800 for Respondent's violation of 49 C.F.R. § 192.743(a), for failing to determine the necessary capacity of multiple relief devices at intervals not exceeding 15 months, but at least once each calendar year. EPNG neither contested the allegation nor presented any evidence or argument justifying a reduction in the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$33,800 for violation of 49 C.F.R. § 195.743(a). Payment for this Item was received on August 24, 2016, which was paid on August 24, 2016.

In summary, having reviewed the record and considered the assessment criteria for each of the Items cited above, I assess Respondent a total civil penalty of **\$110,700**.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 3, 10, and 11 in the Notice for violations of 49 C.F.R. §§ 192.463(a), 192.743(a), and 192.805(a), respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas 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 Item 11:

Subsequent to the inspection, and in consultation with PHMSA Southwest Region inspectors, EPNG implemented *Kinder Morgan OQ Task 14.11.05 – Launching and Receiving Internal Devices*. This task was created on July 7, 2015, and became effective on October 15, 2015. As required by 49 C.F.R. § 192.805, on October 2, 2015, EPNG contacted PHMSA's Information Resources Manager and notified PHMSA of the change. EPNG also provided PHMSA with a task summary.

Accordingly, I find that compliance has been achieved with respect to this violation. Therefore, the compliance terms proposed in the Notice for Item 11 are not included in this Order.

As for the remaining 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. With respect to the violation of § 192.463(a) (**Item 3**), Respondent must review and modify appropriate procedures as necessary to ensure compliance with the regulations. EPNG shall perform and document the appropriate tests to show that the protection that is being applied meet one of the applicable criteria.
2. With respect to the violation of § 192.743(a) (**Item 10**), Respondent must perform a survey of the overpressure protection devices currently installed on its natural gas pipeline system. The survey is to evaluate the overpressure protection devices to collect and/or verify data such as inlet and outlet size, the orifice area and coefficient of actual discharge in order to perform sizing calculations. If deficiencies are observed during the calculation of sizing capacities, EPNG must integrate the findings and verify that the regulator and relief devices installed on the facilities have adequate capacities required by 49 CFR §192.743. If the capacity is found to be insufficient, EPNG must install/modify the equipment to provide the required capacity.
3. Respondent must provide PHMSA with documentation that verifies completion of Compliance Order Items 1 and 2 above within 180 days following the receipt of the final order.⁴

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.

In addition, pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is requested (not mandated) to take the following action:

EPNG should maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to R. M. Seeley, Director, Southwest Region, 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.

Failure to comply with this Order may result in 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.

⁴ In its Response, Respondent requested that the proposed compliance order be modified to allow Respondent 13 months from the receipt of the final order to provide PHMSA with documentation verifying completion of the compliance order requirements for Item 10. That request is denied at this time, but if Respondent requires additional time to comply with the compliance order requirements for Item 10, it may file an extension request with the Director as set forth above.

WARNING ITEMS

With respect to Items 1, 2, 5, 6, 7, 8, 9, and 12, the Notice alleged probable violations of 49 §§ 191.5(a), 192.459, 192.475(b), 192.605(a), 192.736(c), 192.707(a), 192.735(a), 192.739(a), and 192.805(b), respectively, 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. § 191.5(a) **(Item 1)** — Respondent's alleged failure to give notice at the earliest practical moment following discovery of each incident as defined in 49 C.F.R. § 191.3. Specifically, the Notice alleged that EPNG reported eight § 191.3 incidents for the years 2010 through 2013 for Inspection System #1720. Incident #20110308-16140 in PHMSA Unit 15144 exceeded the notification period of two hours. The National Response Center notification was made four hours and 45 minutes following the incident.

49 C.F.R. § 192.459 **(Item 2)** — Respondent's alleged failure to perform a visual examination on the segment of exposed buried pipeline (Line 1104) searching for evidence of deteriorated coating and/or external corrosion. Specifically, Kinder Morgan O&M Procedure 918, *Inspecting for Atmospheric Corrosion*, section 3.2, *Atmospheric Corrosion Monitoring and Inspection Frequency* states, "[b]uried or submerged pipe that has become exposed to the atmosphere (e.g. by erosion, changing water levels) must be initially inspected and documented on O&M Form OM200-02 - Pipeline Examination Report, then inspected for evidence of atmospheric corrosion according to the frequencies required by this section while the pipe is exposed"

Work Order (WO) #12-4965319 provided by EPNG was for a patrol conducted on January 18, 2013. Line 1104 had been exposed by runoff waters following a rainstorm. A photo attached to the patrol record showed the exposure. A follow-up WO (#13-319519) was created, but no form OM200-02 was found documenting that the inspection (i.e. visual examination) was performed prior to the reburial of the pipeline. A visual examination of the coating on the exposed portion of Line 1104 was not performed.

49 C.F.R. § 192.475(b) **(Item 5)** — Respondent's alleged failure to inspect the internal surface of a section of a cut out pipe for evidence of internal corrosion. Specifically, the Notice alleged that EPNG was unable to locate and provide records to verify that the internal pipe surface inspection was performed. When reviewing Project AFE 63171 involving the excavation, inspection and recondition of 420 feet of Line 3201, the PHMSA inspector learned EPNG observed extensive lamination during the ultrasonic thickness (UT) wall survey. As a result, EPNG decided to cut out and replace 41 feet of pipe. A review of the Pipeline Examination Report – Integrity Management Program (IMP) (Form OM200-02) revealed EPNG marked "N/A - Inside Surface of Pipe Not Exposed." EPNG personnel stated the replacement of pipe project was under Project AFE 91222. Upon review of Project AFE 91222, PHMSA found the Pipeline

Examination Report marked "N/A - Inside Surface of Pipe Not Exposed." EPNG stated they would investigate further to locate records. On July 7, 2014, EPNG provided a corrected Pipeline Examination Report along with the qualification records for the employee who was said to have performed internal inspection. When the PHMSA inspector questioned EPNG personnel about the revised IMP Form OM200-02, they stated the form was corrected after the PHMSA inspector brought it their attention.

49 C.F.R. § 192.605(a) and 49 C.F.R. § 192.736(c) (**Item 6**) — Respondent's alleged failure to follow procedures and maintain the gas detection and alarm equipment at San Juan compressor station as required by §192.736(c) and Kinder Morgan Engineering Design Manual E0200 *Compression*. Specifically, Kinder Morgan Engineering Design Manual Procedure E0200 *Compression*, section 17.1 *Gas Detectors* states, "[g]as detectors with high and low alarm set points shall be installed in all compressor buildings and in all turbine engine enclosures. The low set point shall be in conformance with Company O&M Procedure 550 - Testing Gas and Fire Detection Systems. This alarm shall provide a visual and audible warning inside the compressor building. To warn personnel approaching the compressor building, visual alarm(s) shall be installed outside the building or enclosure consisting of a minimum of two strobe lights, one each on opposite corners of the building, located so that at least one light is clearly visible from all building entrances. . . ." Kinder Morgan Procedure O&M 550 *Testing Gas and Fire Detection Systems*, section 2 *Scope* states, "[t]his procedure outlines minimum requirements for calibrating and testing gas and fire detection equipment installed at Company owned and/or Company-operated facilities."

On June 18, 2014, a PHMSA inspector randomly selected one detector at the San Juan Compressor Station building for the field test. During the test, the gas detector was activated by applying a known concentration of gas in air to the respective sensor. An emergency shut-down alarm was acknowledged at the control room. However, the gas detector failed to initiate the visual alarm system (strobe lights) inside and outside of the building. The visual alarm system (strobe lights) was found not operational.

49 C.F.R. § 192.707(a)(1) (**Item 7**) — Respondent's alleged failure to place and maintain pipeline markers as close as practical over each buried transmission line at each crossing of a public road. Kinder Morgan Procedure O&M 205 *Pipeline Markers and Cover*, section 3.1.1 *Buried Pipelines*, paragraph 3.1.1.2 *All Buried Pipelines (except as covered in 3.1.1.3 Alternative MAOP, Waiver, or Special Permit pipelines)* states, "[a]fter verification of pipeline location, place line markers as close as practical over each buried pipeline, on each side of the edge of public roads, railroads, and highway rights-of-way. Consider placing additional signs in areas where third party damage to the pipe is possible. . . ."

A PHMSA representative noticed line markers on Line 2121 within the median of Marina Road were not installed where the pipeline crosses underneath Hualapai Drive and Oliver Drive inside Bullhead City limits.

49 C.F.R. § 192.735(a) (**Item 8**) — Respondent's alleged failure to store a large quantity of foam cleaning pigs (flammable/combustible materials) a safe distance from the compressor building. Specifically, the Kinder Morgan Procedure O&M 119 *Flammable and Combustible Liquid Storage*, section 3.4.4 *Storage in Compressor Buildings* states, "[f]lammable or combustible materials in quantities beyond those required for a day's use or other than those normally used in compressor buildings shall not be stored in compressor buildings."

During the field inspection at the Williams Compressor Station, the PHMSA representative found a large quantity of foam cleaning pigs stored inside the C Plant Building. The C Plant Building was the active compressor unit at the time of the inspection. The foam cleaning pigs are flammable combustible materials. EPNG Flagstaff personnel promptly moved the foam pigs out of the C Plant Building during the week of July 21, 2014.

49 C.F.R. § 192.739(a)(3) (**Item 9**) — Respondent's alleged failure to demonstrate the Relief Valve on the Auxiliary Generator at the Roswell Station was set at the correct pressure. Specifically, Kinder Morgan Procedure O&M 703 *Pressure Limiting and Relief Devices and Inspections*, section 3.1 *MAOP, MAEP, and Set Points* states, "[e]ach facility shall include adequate overpressure protection in its original design, including: MAOP documentation, overpressure protection equipment and associated documentation, and set points for each device. . . ."

On July 23, 2014, the PHMSA inspector randomly selected a first cut fuel relief valve at the Roswell Station to verify the set point in the field. According to Kinder Morgan's last test on August 13, 2013, the relief valve #0043 set point was left at 178 pounds per square inch gauge (psig). During the field inspection, the PHMSA inspector observed the relief valve fail to relieve pressure at 200 psig. As a result, Kinder Morgan personnel isolated this relief valve by lock out/tag out.

On July 27, 2014, Kinder Morgan sent an email to PHMSA which stated that on July 25, 2014, the pilot was rebuilt and the relief valve was confirmed to relieve properly at 178 psig.

During a meeting with Kinder Morgan representatives on October 16, 2014, Kinder Morgan advised the PHMSA inspectors that relief valve #0043 was installed and set at 178 psig to protect the downstream MAOP of the line that fed the domestic Camp housing, station units, boiler, and the auxiliary fuel for the station. In 2007 a high pressure fuel line was installed to supply the station auxiliary fuel gas. Although both parallel regulators set points changed from 145 psig and 150 psig to 125 psig and 130 psig, respectively, the relief valve #0043 set point remained at 178 psig.

49 C.F.R. § 192.805(b) **(Item 12)** — Respondent's alleged failure to ensure through evaluation that an employee was qualified to perform a covered task. Specifically, the Kinder Morgan OQ Program section 1 *Scope* states, "KM's OQ Program is designed to ensure that all individuals working on KM's DOT-regulated pipeline facilities are OQ-qualified to perform specific covered tasks, to document that qualification and to reduce the probability and consequences of incidents and accidents. . . ." Also, section 3.1.2 *Initial OQ Qualification* states, "[i]ndividual(s) will receive training, as appropriate, in preparation for initial qualification evaluations, as part of KM's training program. Trainees will not be allowed to independently perform covered tasks until qualification evaluations are passed."

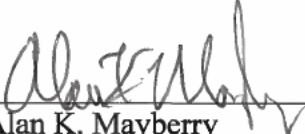
While reviewing records associated with an Encroachment/One Call ticket, a PHMSA inspector observed that EPNG received a line-locate request (ticket #2013500358) on December 9, 2013, with the work start date on December 12, 2013. While installing a water line, the contractor uncovered two feet of 30-inch pipeline. An EPNG employee conducted the visual inspection of the external coating on December 9, 2013. The employee completed Form OM200-02: *Pipeline Examination Report* indicating he visually inspected the coating and found it in good condition. The PHMSA inspector reviewed the qualification records for the individual and found the individual was not qualified to perform this covered task. EPNG failed to ensure through evaluation that the employee was qualified to perform the covered task. The employee was unqualified for covered task 004.01.03: *Visual Inspection of Buried Pipe and Components When Exposed*. EPNG stated that the employee was qualified on covered task 14.09.01: *Inspection: Compliance with Procedures*. When the PHMSA inspector reviewed the "Training Modules" for covered task 14.09.01, it did not encompass those steps required for the inspection of buried pipe and components when exposed.

According to Kinder Morgan OQ Program Appendix A: *Table of Gas Covered Tasks* (Revised April 30, 2014), covered task 04.01.03 references Kinder Morgan Procedures O&M 903: *External Corrosion Control for Buried or Submerged Pipelines*, and O&M 918: *Inspecting for Atmospheric Corrosion*; whereas covered task 14.09.01 references Kinder Morgan Procedures O&M 204: *Construction Near Company Facilities*, Kinder Morgan Construction Inspection Manual *Essential Requirement of the Pipeline Inspector* and CI040: *Unloading, Hauling, and Stringing Materials*.

If the aforementioned covered task 004.01.03 was performed by a non-qualified individual, Kinder Morgan's OQ Program Appendix A: *Table of Gas Covered Tasks* (revised April 3, 2014) requires a span of control of one qualified individual to one non-qualified individual. According to the inspection documentations provided by KM, a qualified employee was not present to observe or to direct this individual at the work site.

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

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.



Alan K. Mayberry
Associate Administrator
for Pipeline Safety

DEC 29 2016

Date Issued