



August 26, 2016

VIA HAND DELIVERY

Colorado Oil & Gas Conservation Commission
ATTN: Director Matthew Lepore & Deputy Director Dave Kulmann
1120 Lincoln Street, Suite 801
Denver, CO 80203

RE: Kinder Morgan CO2 Company, L.P.
Rule 523.e – Voluntary Self-Disclosure

Dear Director Lepore and Deputy Director Kulmann,

Kinder Morgan CO2 Company, L.P. ("Kinder Morgan") (Operator No. 46685) hereby makes this voluntary self-disclosure pursuant to Colorado Oil & Gas Conservation Commission ("Commission" or "COGCC") Rule 523.e regarding recent gas analysis indicating low levels (e.g., < 1 ppm) of Hydrogen Sulfide (H₂S) (collectively, "gas analysis"). Kinder Morgan recently discovered that gas analysis from 2016 that indicated low levels of H₂S was not submitted to the Commission pursuant to Rule 607.c, as clarified in the Commission's April 13, 2012 Notice to Operators on Reporting H₂S, for the facilities listed on Exhibit A attached and made a part hereto. These facilities are located in Montezuma and Dolores Counties, Colorado. Exhibit A provides the location and date of each such lab analysis that Kinder Morgan has located to date.

Prior to discussions with COGCC Staff on or around August 10, 2016, Kinder Morgan interpreted the language of COGCC Rule 607.c. to require the reporting of gas analysis only if such analysis was required under Rule 607.a. or 607.b., which provide that an H₂S drilling operations plan be filed for well servicing operations located in zones known to contain above 100 ppm of H₂S or when proposing to drill a well in areas where H₂S exceeds 100 ppm. Upon learning of the COGCC's interpretation that 607.c was not only related to drilling, Kinder Morgan immediately commenced an internal audit of its facilities with gas analysis indicating the presence of H₂S. In addition, Kinder Morgan took the steps necessary to inform the Commission by orally disclosing it to Mr. Kulmann and others in an August 16, 2016 meeting with COGCC and through the filing of this Voluntary Self-Disclosure, pursuant to Rule 523.e. Kinder Morgan's investigation is still on-going but Kinder Morgan is making this disclosure to the Commission and will supplement its disclosure if necessary. In less than one month of the date of this letter, or by September 19, 2016, Kinder Morgan will complete its review, supplement this disclosure if additional gas analyses are located, and submit the required Sundry Notices with the information outlined in the April 13, 2012 Notice to Operators to the Commission.

Pursuant to Rule 523.e, any operator who conducts a voluntary self-evaluation and makes a voluntary disclosure to the Director, shall enjoy a rebuttable presumption of a penalty reduction or potentially no penalty under the following conditions:

1. The disclosure is made promptly after the operator learns of the violation as a result of the voluntary self-evaluation; and
2. The operator making the disclosure cooperates with the Director regarding investigation of the issue identified in the disclosure; and
3. The operator making the disclosure has achieved or commits to achieve compliance within a reasonable time and pursues compliance with due diligence.

Kinder Morgan has made this voluntary disclosure in a timely manner, has taken immediate steps to disclose the lab analysis to the Commission, is willing to cooperate with the Director on any investigation, has committed to achieving compliance within a reasonable time, and commits to pursue compliance with due diligence. Along with the preceding factors, several other mitigating factors apply to this matter pursuant to Rule 523.c(3)B namely:

1. Kinder Morgan self-reported the violation;
2. Kinder Morgan demonstrated prompt, effective and prudent response to the impending violation;
3. Kinder Morgan made a good faith effort to comply with applicable requirements prior to the Commission learning of the violation;
4. The cost of correcting the violation reduced or eliminated any economic benefit to Kinder Morgan;
5. Kinder Morgan has demonstrated a history of compliance with Commission rules, regulations, and orders.

Based upon Kinder Morgan's self-disclosure, the foregoing mitigating factors, and because Kinder Morgan has diligently pursued its own internal investigation and sampling and analysis program following clarification of Rule 607.c. requirements from COGCC Staff, Kinder Morgan respectfully requests that, pursuant to Rule 523.e, the Director forego any potential penalties associated with this matter.

Kinder Morgan is committed to compliance with all Commission Rules and Regulations and encourages your office to contact me at 970-882-5545 or barry_swift@kindermorgan.com at any time to discuss the issues outlined in this letter and to schedule the requested meeting. Thank you for your immediate consideration of the items outlined in this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Barry K. Swift", with a stylized flourish at the end.

Barry K. Swift
Asset Manager

Enclosures

cc: Stuart Ellsworth, COGCC
Jessica Toll, KM
Ken Havens, KM
Jamie Conway, KM
Jost Energy Law, P.C.