

Safety, quality and environment driving improvements at ports

Earl J Crochet, general manager Gulf Liquids, Kinder Morgan, Houston, Texas, US

Implementing a new culture

Kinder Morgan terminals embarked on a voyage to establish a corporate culture built around safety, quality, and environmental compliance. This ongoing process began several years ago and, though great strides have been made, the simple fact is Kinder Morgan will never be completely satisfied until zero incidents can be claimed.

Improving safety at ports

Years ago, mariners used a sextant and the stars to help guide them safely from one port to another. Now they rely on guidance systems, radar, thermal imagery and other modern technologies. With these developments must come safety. Every company says they want to work safely and create a culture of safe practices. But how many actually take the necessary steps to ensure the workplace is as safe as possible?

It begins with providing training for each employee for each and every task, ensuring all employees wear and use the correct personal protective equipment (PPE) at all times, and taking responsibility for the surrounding work environment.

At Kinder Morgan we spend hundreds of millions of dollars each year on integrity management programs and maintenance to comply with and, in some instances, exceed federal safety laws and regulations. We also post statistics detailing our operational performance on our website to increase transparency. This detail shows that Kinder Morgan continues to outperform the industry averages in virtually all safety and release categories over a 12 month rolling average.

If an incident occurs, costly repairs may be needed, along with a cleanup and possible litigation and fines. When assets are not operating, ports cannot meet customers' needs and revenues are not produced. All of these can take a toll on the company's reputation and make it more difficult to conduct business in the future. Consequently, it behooves all of us in the industry to operate safely. The bottom line is that it costs much more to repair assets than it does to properly maintain them.

Become a responsible, ethical operator

Being in compliance with operating permits and protecting the environment is not only the right thing to do, it is good business. For a terminal operator, there are tremendous incentives to operate facilities responsibly. Therefore, first and foremost, there must be a commitment to protecting the public, employees, contractors and the environment.

Upholding a company's reputation is paramount. Businesses are judged by how they act. Ethics and integrity can be interpreted many ways, but for Kinder Morgan we sum it up with the rule: treat others how you wish to be treated. This means acting with honesty and integrity in all dealings and doing what is believed to be right at all times within the legitimate role of business.

Another crucial area of ethical operation is the correct management of people. Treating your employees and customers the right way is the only way to do business. No one wants to do business with someone they don't trust. This means keeping your

Kinder Morgan core principles

These principles are not listed in order of priority, but rather all of them share equally in our current and future success. Following these core principles not only benefits Kinder Morgan terminals and all of our employees, but also ultimately benefits our customers.

1. Do not compromise safety
2. Be an environmentally compliant and responsible operator
3. Have ethics and integrity
4. Show commitment to employees and resources
5. Provide customer service and fiscal responsibility
6. Have a quality focus



Pasadena facility.



Pasadena control room.

word, operating safely and being open and honest in all aspects of your operations.

Providing the resources employees need to do the job correctly the first time leads to less rework, which ultimately leads to lower cost of service. This also means taking care of all the assets necessary to operate efficiently and safely.

Best value, not cheapest option

Customers want to be treated well and be provided a service in the most cost effective manner. Providing a good service at a fair price benefits employees, customers and shareholders. This does not mean the cheapest option is best for your customer, but it should be the best value. There is no room for short cuts in safety, environmental compliance or ethics in order to win or keep a customer's business.

Our terminals handle many types of customer products in many forms, and our customers expect us to return the products in the same form, same quality and same amount. When a customer's product is damaged, lost or contaminated, it impacts both the customer's business and ours. If our commitment to safety and customer satisfaction suffers enough, customers will find someone else to handle their products.

Not only does quality affect our customers, contaminations can have devastating effects. Depending on the products handled and when the contamination is discovered, a single contamination can become a multi-million dollar mistake. We train employees and provide them with the necessary resources to keep a quality focus at all times.

ABOUT THE COMPANY

Earl J. Crochet, P. E., is general manager for the Gulf Region of Kinder Morgan Terminals. Mr. Crochet is responsible for the daily operations, maintenance, safety, quality and environmental compliance for three terminals with over 26 million barrels of storage. He joined the company in 1988 as an engineer and has held various positions of increasing responsibility including operations manager, director of field operations for Plantation Pipe Line, and director of operations and EH&S for terminals.

Kinder Morgan Energy Partners, L.P. (NYSE: KMP) is a leading pipeline transportation and energy storage company in North America. Kinder Morgan owns an interest in or operates more than 38,000 miles of pipelines that transport primarily natural gas, refined petroleum products, carbon dioxide and crude oil; and approximately 180 terminals that store, transfer and handle such products as gasoline, ethanol, coal, petroleum coke and steel. Kinder Morgan, Inc. owns the general partner interest of

Kinder Morgan Energy Partners. Kinder Morgan Management is a limited liability company and its only significant assets are the partnership units it owns in KMP. Combined, Kinder Morgan has an enterprise value of approximately \$65 billion.

ENQUIRIES

Web: www.kindermorgan.com

Another tool – You Can Stop

Another tool our employees can use to implement all six of our core principles is our 'You Can Stop' campaign. This sounds simple, but it is an extremely powerful work culture adjustment. We have empowered all employees – from the newest operator to the most senior executive – to stop any process, activity or person (coworker or contractor) whenever they think something is not safe, out of compliance or has the possibility to become so.

This takes a tremendous amount of faith in our employees. Even when it turns out that the situation is not a problem, just the fact that we are willing to take the time to discuss it sends a powerful message to our employees.

Results to date

For three years in a row, the number of recordable injuries at Kinder Morgan has dropped because our six core principles and the 'You Can Stop' campaign are part of our culture. Kinder Morgan has also reduced reportable spill volume, and the quantity and severity of significant incidents. We continue to strive to drive all three of these categories to zero and we will not relent until we do.

