ATTACHMENT II

KINDER MORGAN
ENERGY PARTNERS, L.P.

SFPP, L.P.
Operating Partnership

June 30, 1999

Mr. Gary Yee
California Air Resources Board
2020 L Street
Sacramento, California 95812

Dear Gary:

On June 29th I received a copy of the amendments to the proposed MTBE labeling regulations with the modifications suggested by the Air Resources Board (ARB) staff at the June 24th hearing. In addition to amending the proposed regulation, ARB staff via telephone conversations has further clarified several key issues. As a result of those efforts, Kinder Morgan will provide the following:

- Kinder Morgan will establish a maximum pipeline acceptance criteria of 0.3 percent by volume MTBE for any CARB gasoline transported under the designation of "NON-MTBE."
- Prior to accepting "NON-MTBE" gasoline for transport, Kinder Morgan will require all suppliers to provide written certification that the product contains no more that 0.3 percent by volume MTBE.
- Kinder Morgan will conduct an oversight-testing program at its "input" facilities for "NON-MTBE" gasoline consistent with the current CARB gasoline oversight-testing responsibilities.
- In consideration of our current operations (including co-mingling & cross contamination), terminal storage tanks designated as "NON-MTBE" should not exceed 0.6 percent by volume MTBE. However, as a part of our current du-diligence, Kinder Morgan will continue the biweekly analysis of gasoline within our storage tanks versus the 0.6 volume percent standard.
- Based upon the above pipeline acceptance criteria (0.3 volume %), the maximum terminal storage tank criteria (0.60 volume %), and oversight program described herein, Kinder Morgan will issue bills-of-lading stating the product contains less than 0.6 volume percent MTBE.

Consistent with the proposed regulation, the efforts described herein are specific to MTBE and at this time do not include other oxygenates such as TAME or ETBE.

We appreciate your efforts to both clarify and simplify this complex issue. If you have any further questions, please contact me at (714) 560-4848.

Sincerely,

James Holland