



U.S. Department  
Of Transportation  
**Pipeline and  
Hazardous Materials  
Safety Administration**

820 Bear Tavern Road, Suite 306  
West Trenton, NJ 08628  
**609.989.2171**

## NOTICE OF AMENDMENT

### **EXPRESS OVERNIGHT DELIVERY**

April 7, 2010

Kinder Morgan Liquids Terminals LLC  
Mr. David Vattimo, Regional Vice President for Terminals  
8500 West 68<sup>th</sup> Street  
Argo, IL 60501-0409

**CPF 1-2010-5004M**

Dear Mr. Vattimo:

On August 18-21, 2008, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Kinder Morgan Liquids Terminals LLC (KM) Operator Qualification (OQ) records and procedures in Perth Amboy, New Jersey.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within KM's OQ Program, as described below:

**1. § 195.505 Qualification program.**

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

**(h) After December 16, 2004, provide training, as appropriate, to ensure that individuals performing covered tasks have the necessary knowledge and skills to perform the tasks in a manner that ensures the safe operation of pipeline facilities;**

Training material on task-specific abnormal operating conditions (AOCs) for KM's covered tasks are not provided for all covered tasks.

KM uses multiple sources of training material to train operator personnel. This includes new employee orientation, computer based training, O&M Procedures, Performance Evaluation Study Guides, Evaluation Reference Manuals, Skill Checklists, and Knowledge Tests, to train operator personnel. This material was reviewed for selected covered tasks. Some covered tasks had no task specific AOCs identified in the training material, nor did KM have documentation showing that these covered tasks were evaluated for potential task specific AOCs.

**2. §195.505 Qualification program**

**§195.505 (b) Each operator shall have and follow a written qualification program. The program shall include provisions to: (b) Ensure through evaluation that individuals performing covered tasks are qualified.**

The OQ Program does not identify a level of performance criteria for passing written evaluations. While the operator states that 80% is used for passing an evaluation, this is not identified in the OQ Program.

**3. §195.505 Qualification program**

**§195.505(g) Each operator shall have and follow a written qualification program. The program shall include provisions to: (g) Identify those covered tasks and the intervals at which evaluation of the individual's qualifications is needed.**

The reevaluation intervals identified for the covered tasks noted below, and referenced in the KM OQ Program, are inconsistent with actual practice.

- “welding on existing pipeline systems” (KM covered task 104.21) and
- “general pipeline repair – Clock Spring” (KM covered task 104.12)

KM follows API 1104 and ASME Section 9 for determining the reevaluation interval for welding qualifications, which both require annual requalification. The KM OQ Program specifies a requalification interval of every 3 years for “welding on existing pipeline systems” (KM covered task 104.21).

KM follows the Clock Spring manufacturer's recommended requalification interval of 1 year for personnel performing this task. The KM OQ Plan specifies a requalification interval of every 3 years for “general pipeline repair – Clock Spring” (KM covered task 104.12).

**4. §195.505 Qualification program**

**§195.505(g) Each operator shall have and follow a written qualification program. The program shall include provisions to: (g) Identify those covered tasks and the intervals at which evaluation of the individual's qualifications is needed.**

The OQ Program does not specify the number of times an individual will be allowed to attempt to pass the evaluation process before a qualification is revoked.

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 60 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.

In correspondence concerning this matter, please refer to **CPF 1-2010-5004M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



Byron Coy, PE  
Director, Eastern Region  
Pipeline and Hazardous Materials Safety Administration

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