



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

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

WARNING LETTER

EXPRESS OVERNIGHT DELIVERY

March 29, 2010

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

CPF 1-2010-5005W

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 your Kinder Morgan Liquids Terminals LLC Operator Qualification (OQ) records and procedures in Perth Amboy, New Jersey.

As a result of the inspection, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation is:

1. §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.

Kinder Morgan Liquids Terminals LLC (KM) failed to follow their own Operator Qualification Program for re-evaluation of individuals performing covered tasks. A review of randomly selected personnel qualification records indicated that several personnel did not re-qualify as required by KM procedures for individuals performing covered tasks.

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The KM Operator Qualification Program (Revised 11/26/07, Section 3.3.1, Re-evaluation at subsequent Intervals) states that KM OQ qualified Evaluatees who perform the specific covered tasks, will be evaluated before or during the final year of the subsequent OQ qualification interval (three year interval) for that task. Records reviewed for four randomly selected KM employees (ISN Task Qualification Summary Reports for the following employees: ISN-00880114, ISN-00880102, ISN-00880081, and ISN-00880099) indicated that the employees qualifications to perform multiple covered tasks had lapsed between 12/2007 and 4/2008.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item(s) identified in this letter. Failure to do so will result in Kinder Morgan Liquids Terminals LLC being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 1-2010-5005W**. 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).

Sincerely,

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