KINDER MORGAN
KM Liquids Terminals LLC

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November 15, 2016

VIA FEDEX

Mr. Byron Coy
Director, Eastern Region
Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration
Suite 103
820 Bear Tavern Road
West Trenton, NJ 08628

Dear Mr. Coy:

RE: CPF 1-2016-5011, WARNING LETTER

We received the above referenced CPF Warning Letter, dated November 1, 2016 and would like to provide a brief response.

The Warning Letter states that following an inspection at the Kinder Morgan Liquids Terminals, LLC Carteret Terminal, (KMLT) it was determined by the agency that one of the breakout tanks #100-1 was not inspected within the required time frames according to API Standard 653, Section 6.3.2.1. incorporated by reference in the Pipeline Safety Regulations, 49 CFR §195.432 (b) as stated below:

195.432(b) Inspection of in-service breakout tanks

(b) Each operator must inspect the physical integrity of in-service atmospheric and low-pressure steel above-ground breakout tanks according to API Std. 653 (except section 6.4.3, Alternative Internal Inspection Interval) (incorporated by reference, see §195.3). However, if structural conditions prevent access to the tank bottom, its integrity may be assessed according to a plan included in the operations and maintenance manual under §195.402(c)(3). The risk- based internal inspection procedures in API Std. 653, section 6.4.3 cannot be used to determine the internal inspection interval.

KMLT failed to inspect the physical integrity of in-service atmospheric and low-pressure steel above ground breakout tanks within the required timeframes, per 195.432(b). Specifically, breakout tank #100-1, also identified as tank #100-1F, was not inspected per API 653 Section 6.3.2.1, incorporated by reference in 195.3(b)(19).

Section 6.3.2.1 states in part:

"All tanks shall be given a visual external inspection by an authorized inspector. This inspection shall be called the external inspection and mist be conducted at least every 5 years or RCA/4N years...whichever is less..." During the inspection, the PHMSA inspector

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reviewed KMLT's records for breakout tank inspections. The following reports were reviewed for tank #100-1/#100-1F:

1. DJA Inspection services Inc. In-Service Inspection Tank #100-1F dated April 15, 2010
2. HMT Atmospheric Storage Tank API 653 Internal/External & UT OOS dated <ay 15, 2015. The external inspection of breakout tank #100-1 was completed 33 days late. According to a KMLT email to PHMSA, dated Sept 13, 2015 Tank #1001F is the same tank as Tank #100-1.

KM Response: KMLT acknowledges that the Standard 653 inspection on Tank #100-1/#100-1F was completed 33 days after the 5 year time period. We have subsequently reviewed the inspection dates for each DOT jurisdictional tank in the computer maintenance management system (Maximo) for correctness and to highlight and reinforce the 5-year compliance date internally to make sure that the inspection dates are met going forward.

KMLT is committed to operating our terminals and pipeline systems safely and in compliance with all applicable regulations. If you have further questions please feel free to contact myself at 732.969.5753 or Danielle Stephens at 713.725.0147.

Sincerely,

Joshua A. Etzel
Vice President - Operations
Northern Area

Cc: Danielle Stephens
Gary Delafosse
Nancy Van Burgel