



July 13, 2018

VIA FEDEX

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

RE: Kinder Morgan Liquid Terminals, LLC, Carteret, N.J.  
CPF No. 1-2018-5016  
Written Response

Dear Director Burrough:

Pursuant to 49 C.F.R. Part 190.208(a)-(b), Kinder Morgan Liquids Terminals, LLC (KMLT or the Company) submits this written response to the alleged violation issued to KMLT's Carteret, N.J. facility in the above referenced Notice of Probable Violation (NOPV). The Company is not requesting a Hearing on this NOPV, but in light of additional information and explanation provided below, KMLT respectfully requests the NOPV be withdrawn.

By letter dated June 15, 2018, PHMSA granted KMLT a 30-day extension of time to respond to the NOPV. Accordingly, this submittal is timely.

**KMLT Responses to Alleged NOPV Violations**

***PHMSA NOPV Item 1:***

**1. §195.402 Procedural manual for operations, maintenance, and emergencies.**

**(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.**

*PHMSA alleges that KMLT failed to follow for each pipeline system, a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. Specifically, KMLT failed to follow its External Corrosion procedure for taking corrective actions on its cathodic protection system, per the requirements of §195.573 (e).*

... Therefore, KMLT failed to follow its Procedure for taking corrective actions on its cathodic protection systems before the next monitoring period, per the requirements of §195.573(e).

**KMLT Response to NOPV Item 1:**

KMLT respectfully requests that NOPV Item 1, and the Proposed Civil Penalty of \$116,800 be withdrawn because the inspection documentation previously provided to PHMSA demonstrates compliance with KMLT's T-O&M Procedure 903, External Corrosion Control for Buried or Submerged Pipelines. Specifically, T-O&M 903, Section 3.7.7 states, "Corrective action must be taken when any deficiencies in cathodic protection are discovered during cathodic protection monitoring before the next monitoring period (includes all aspects of CP monitoring rectifiers, bonds, annual surveys, etc.). If corrective actions cannot be completed before the next monitoring period, a corrective action plan must be established with justification."

During, and after the inspection, KMLT provided T-O&M 900-001, KMLT Carteret Tank CP Plan (dated 8/3/2017 and 10/23/2017, respectively) to the inspector to support the position that low CP readings had been identified on tanks 63, 120, 100-6, 100-7 and 100-9, and KMLT was taking the appropriate corrective actions. T-O&M 900-001, KMLT Carteret Tank CP Plan, Section 3.1.5 (c) (ii) provides guidance on the corrective actions to be taken in the event deficiencies are found, "If deficiencies are found, tanks will be retrofitted with electrical resistance (ER)/UT probes and/or weight loss coupons to measure the corrosivity of the backfill material installed in the interstitial space and documented using T-OM900-21, KMLT CP Action Plan."

In 2015, in accordance with T-O&M 903, Section 3.7.7 Remedial Actions, US Tank Protectors and PCA conducted troubleshooting of the low CP readings to determine our corrective action plan. During this time, other options were reviewed, including reviewing the reports of the previous ANSI/API 653 Out-of-Service (OOS) inspections to determine the Corrosion Growth Rate (CGR) of the five tank floors.

In order to ensure the safety of the tanks was not adversely affected KMLT used the CGR calculated from the last OOS ANSI/API 653 inspections to determine the remaining life of the tank floor. Table 1 below provides the results of the data review:

Tank #	Last OOS	Remaining Life - w/out CP but with recommended repairs based on CGR	Next OOS	Roof Type	Re-inspection Interval Determined By...	Sufficient Remaining Floor Life Till Next OOS Inspection
63	2016	10	2026	Fixed	CGR	Yes
120	2008	16	2024	Fixed	CGR	Yes
100-6	2009	15	2019	IFR	*NJ DEP	Yes
100-7	2014	20	2024	IFR	*NJ DEP	Yes
100-9	2010	15	2020	IFR	*NJ DEP	Yes

Table 1

\*If the remaining life is less than the next prescribed interval KMLT Regional Engineering would review regulatory requirements and KM procedures to determine the path forward, for example, replacement of the floor.

Once the data review was complete, KMLT performed additional troubleshooting which resulted in a deep well anode system being installed for Tank 63 in 2017. After installation the system was



left to polarize, and testing began in April 2017. In September 2017 Tank 63 readings met criteria.

Tanks 100-6, 100-7 and 100-9 are double-bottom tanks on "dog-bowl" foundations, therefore, per T-O&M 900-001, KMLT Carteret Tank CP Plan, Section 3.1.2, and ANSI/API 651, the installation of a deep well anode system would not correct the low CP readings. KMLT reviewed multiple options, and in 2017 identified the installation of Electrical Resistance (ER) probes in the interstitial space of the two floors as the appropriate corrective action until the tanks are taken out of service for the next ANSI/API 6533 OOS inspection (see Table 1), at which time we will follow the requirements of ANSI/API 653.

Tank 120 was originally thought to be a double-bottom tank, this was identified by previous ANSI/API 653 OOS and IS reports, however, after further investigation it has been determined to be a single bottom tank. KMLT is currently investigating if the tank has an impervious external liner, because, as per ANSI/API RP 651 Section 5.1.4, "Cathodic protection is an effective means of corrosion control only if it is possible to pass electrical current between the anode and cathode (tank bottom)". If this tank does have a liner a deep well anode system per ANSI/API RP 651, Section 5.1.4 and T-O&M 903, Section 3.5.2.3, installing CP under Tank 120 would either limit or preclude the use of cathodic protection.

### Conclusion

The above demonstrates that KMLT followed the requirements of its procedure, T-O&M 903, Section 3.7.7 by following T-O&M 900-001 KMLT Carteret Tank CP Plan, and while the troubleshooting and corrective action plan took time to implement, the corrective actions were done in accordance with §195.573(e) "Corrective action. You must correct any identified deficiency in corrosion control as required by § 195.401(b)". 195.401(b) states, "An operator must make repairs on its pipeline system according to the following requirements:

1. Non Integrity management repairs. Whenever an operator discovers any condition that could adversely affect the safe operation of its pipeline system, it must correct the condition within a reasonable time. However, if the condition is of such a nature that it presents an immediate hazard to persons or property, the operator may not operate the affected part of the system until it has corrected the unsafe condition."

KMLT determined the low CP readings did not adversely impact the safe operation of the tanks due in part to the CGR analysis, and ensured the corrective actions implemented, while taking time to implement due to troubleshooting and testing, were appropriate to last until the next ANSI/API 653 OOS inspection, at which time KMLT will determine the path forward.

For the reasons set forth above, KMLT respectfully requests the NOPV and Proposed Civil Penalty be withdrawn to properly account for the statutory and regulatory factors that PHMSA must consider and apply in light of the explanations provided above.



We appreciate your cooperation in helping to identify and resolve the issues presented in this matter. If you have further questions please feel free to contact myself at 732-969-5753 or Danielle Stephens at 713-725-0147.

Sincerely,

A handwritten signature in blue ink that reads "Josh A. Etzel".

Joshua A. Etzel  
Vice President – Operations  
Northeast Region

Kinder Morgan Liquids Terminals  
78 Lafayette Street  
Carteret, NJ 07008

Attachments

cc: Danielle Stephens  
Nancy Van Burgel  
Gary Delafosse



**LIST OF ATTACHMENTS**

T-O&M 903, External Corrosion Control for Buried or Submerged Pipelines  
T-O&M 900-001, Carteret Tank CP Plan