KINDER MORGAN
LIQUIDS TERMINALS LLC

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June 7, 2018

VIA OVERNIGHT DELIVERY

Mr. Robert Burroughs
Acting 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 Liquids Terminals, LLC, Carteret, New Jersey
CPF 1-2018-5017M, Notice of Amendment (NOA)

Dear Mr. Burroughs:

We received the above referenced CPF NOA letter, dated May 7, 2018. The NOA letter states that following an inspection at the Kinder Morgan Liquids Terminals, LLC's Carteret and Perth Amboy Terminals (KMLT), the agency identified one procedure as being inadequate. Please find the attached updated procedure.

1. **§195.402 (c)(3) Procedural manual for operations, maintenance, and emergencies.**

   (c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

   (3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.

   KMLT's procedures were inadequate for operating, maintaining and repairing cathodic protection installed on breakout tanks, as per 195.565. Specifically, KMLT's procedures did not provide guidance on which breakout tanks meet compliance with 195.3 (b)(5), incorporated by reference ANSI/API Recommended Practice (RP) 651.

   Section 195.565 states, "After October 2, 2000, when you install cathodic protection under §195.563(a) to protect the bottom of an aboveground breakout tank of more than 500 barrels 79.49m3 capacity built to API Spec 12F (incorporated by reference, see §195.3), API Std 620 (incorporated by reference, see §195.3), API Std 650 (incorporated by reference, see §195.3), or API Std 650's predecessor, Standard 12C, you must install the system in accordance with ANSI/API RP 651 (incorporated by reference, see §195.3). However, you don't need to comply with ANSI/API RP 651 when installing any

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tank for which you note in the corrosion control procedures established under §195.402(c)(3) why complying with all or certain provisions of ANSI/API RP 651 is not necessary for the safety of the tank."

During the inspection, the PHMSA inspector requested procedures related to breakout tank cathodic protection. KMLT provided the following Procedures:

- CS 16602 – Cathodic Protection Equipment Installation
- EDS 16602 – Cathodic Protection
- T-O&M 903 – External Corrosion Control for Buried or Submerged Pipelines

According to 195.565, cathodic protection systems on breakout tanks must be installed in accordance with ANSI/API RP 651. The Procedures reviewed did not indicate any guidance to the aforementioned standard, nor did the Procedures state why compliance with all or certain provisions of ANSI/API RP 651 is not necessary for the safety of existing tanks where ANSI/API RP 651's installation provisions were not followed.

During the inspection, the PHMSA inspector asked KMLT where the Procedures were located. KMLT could not provide documentation in their Procedures which justifies not complying with ANSI/API RP 651.

In subsequent follow-up discussions KMLT stated, "The tanks were not determined to be DOT on October 1, 2003. Memo from Dan Kowal is attached. "These were two documents we left out of the table below (added below highlighted in yellow) – T-O&M SSP 900-002, Carteret Tank CP Plan dated 10/23/2017 and T-O&M SSP 900-001, Perth Amboy Tank CP Plan dated 10/9/2017." These documents were created after the inspection. Additionally, the documents were not incorporated by reference into KMLT's O&M manual, nor did they state compliance to 195.565.

Therefore, KMLT's Procedures were inadequate for operating, maintaining and repairing cathodic protection installed on breakout tanks, as per 195.565.

KMLT Response: Revisions to the attached T-O&M 903, CS 16602, EDS 13 47 13.01 (previously known as EDS 16602), Cathodic Protection were incorporated into the KMLT T-O&M Manual in October, 2017. For your convenience a marked up copy of each procedure has been provided so you can clearly see the revisions.

Regarding T-O&M SSP 900-001 and 900-002, these documents were provided to the Inspector during the audit in 2015 with different titles – Carteret Tank CP Plan and Perth Amboy Tank CP Plan and were not "created after the inspection". After KMLT received feedback from the Inspector, KMLT renamed the documents in October 2017. For your convenience a marked up copy of each procedure has been provided so you can clearly see the revisions.

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 708.969.5753 or Danielle Stephens at 713.725.0147.

KINDER MORGAN
LIQUIDS TERMINALS LLC

Sincerely,

Joshua A. Etzel
Vice President - Operations
Northern Area

cc: Danielle Stephens
Gary Delafosse
Nancy Van Burgel

Attachments

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