

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

December 19, 2019

Mr. William P. Brown
Chief Operating Officer
Kinder Morgan Liquid Terminals
1001 Louisiana Street, Suite 1001
Houston, TX 77002

Re: South Wilmington Pipeline

CPF 2-2019-6002W

Dear Mr. Brown:

On August 7, 2017, through August 11, 2017, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Kinder Morgan Liquid Terminals' (KMLT) South Wilmington Pipeline in Wilmington, North Carolina.

As a result of the inspection, it is alleged that KMLT has committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The item inspected and the probable violation is:

1. **§195.412 Inspection of rights-of-way and crossings under navigable waters.**
 - (a) **Each operator shall, at intervals not exceeding 3 weeks, but at least 26 times each calendar year, inspect the surface conditions on or adjacent to each pipeline right-of-way. Methods of inspection include walking, driving, flying or other appropriate means of traversing the right-of-way.**

KMLT failed to comply with the regulation because it did not, at intervals not exceeding 3 weeks, but at least 26 times each calendar year, inspect the surface conditions on or adjacent to each pipeline right-of-way (ROW).

KMLT personnel conducted inspections of the South Wilmington Pipeline ROW by driving, and documented each inspection on KMLT Form T-OM200-72, titled "Right of Way Inspection Report." The referenced form required KMLT personnel to enter discrete pipeline station numbers as reference points to indicate inspection locations along the pipeline ROW.

PHMSA's review of the above-referenced reports for ROW inspections conducted in June and July of 2017 revealed that KMLT reported conditions upstream and downstream at 43 discrete locations/station numbers on June 1, 2017. A total of 22 of the 43 locations were not inspected again until June 26, 2017, exceeding the maximum inspection interval by 5 days. Furthermore, at the time of PHMSA's August 2017 records review, there was no inspection record for 2 of the 43 referenced locations after June 1, 2017.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violations occurring on or after November 27, 2018, and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violations occurring on or after November 2, 2015, and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a 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 identified in this letter. Failure to do so will result in Kinder Morgan Liquid Terminals 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 2-2019-6002W**. 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,

James A. Urisko
Director, Office of Pipeline Safety
PHMSA Southern Region