

**Before the
U.S. Department of Transportation
Pipeline and Hazardous Materials Safety Administration
Office of Pipeline Safety
Washington, D.C.**

_____)
In the Matter of)

Kinder Morgan Liquid Terminals, LLC)

Respondent.)
_____)

CPF No. 1-2022-038-NOPV
Notice of Probable Violation

Notice of Withdrawal of Request for Hearing

Kinder Morgan Liquid Terminals, LLC (KMLT or the Company) and the Pipeline and Hazardous Materials Safety Administration (PHMSA) Eastern Region have reached an agreement that resolves the above-referenced Notice of Probable Violation (NOPV). As a result, and as set forth in the Consent Order and Agreement issued by PHMSA on February 3, 2023, KMLT is, without admission, withdrawing its request for hearing filed on September 1, 2022.

PHMSA issued the NOPV to KMLT on July 1, 2022, alleging sixteen (16) probable violations of the 49 C.F.R. Parts 194 and 195 regulations. Of those sixteen (16) NOPV allegations, seven (7) were issued as warning items and nine (9) were issued as probable violations, six (6) of which included a proposed civil penalty (totaling \$455,200), and three (3) of which included a proposed compliance order (PCO) obligation. KMLT timely contested the alleged violations and requested a hearing, which was most recently scheduled for February 6, 2023.

PHMSA issued the NOPV after an inspection of KMLT's procedures, records, and facilities in Cincinnati and Dayton, Ohio, Indianapolis, Indiana, and O'Hare, Argo, and Wood River, Illinois that occurred from June 21, 2021 through September 15, 2021. As provided in its Request for Hearing, KMLT contested: (1) twelve (12) of the sixteen (16) NOPV Items (NOPV Items 2, 5, 7, 8, 9, 10, 11, 12, and 15 and Warning Items 1, 14 and 16); (2) the proposed civil penalties associated with NOPV Items 2, 5, 8, 9, 12, and 15; and (3) the associated PCO obligations with NOPV Items 7, 10, and 11. Without admission and in the spirit of cooperation, KMLT elected not to contest four (4) of the NOPV Items given the clarifications provided in its response: Warning Items 3-4, 6, and 13.

KMLT is committed to pipeline safety and integrity of its terminal facilities. KMLT filed its Request for Hearing because certain allegations required clarification of the facts at issue, existing documentation, and the applicable law. In particular, many of the NOPV allegations related to minor recordkeeping discrepancies and subjective procedural preferences, with little to no impact

on safety and some of which appeared to be based on an unwarranted expansion of the regulations not previously articulated in prior PHMSA enforcement or guidance.

In the spirit of cooperation and consistent with its commitment to pipeline safety, KMLT nevertheless sought to resolve this action through informal settlement in coordination with the PHMSA Eastern Region. Pursuant to those discussions, KMLT, without admission and for purposes of settlement only, entered into a Consent Agreement with PHMSA to resolve this matter. Through the terms of the Consent Agreement, PHMSA withdrew NOPV Items 1, 5, and 16 and reduced the civil penalty amounts based on various factors, resulting in a final civil penalty of \$165,700. As required by the terms of the Consent Order and Agreement issued by PHMSA, the Company is hereby withdrawing its request for hearing.

Respectfully submitted,



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Date: February 6, 2023