



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials
Safety Administration**

840 Bear Tavern Road, Suite 300
West Trenton, NJ 08628
609.771.7800

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

VIA ELECTRONIC MAIL TO: Joshua etzel@kindermorgan.com

January 23, 2026

Joshua Etzel
Vice President Operations and Engineering
Kinder Morgan Liquid Terminals, LLC
78 Lafayette Street
Carteret, New Jersey 07008

CPF 1-2026-002-NOPV

Dear Mr. Etzel:

From April 1 to July 22, 2024, 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, LLC's (Kinder Morgan) breakout tank procedures.

As a result of the inspection, it is alleged that you have 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. **§ 195.402 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.

Kinder Morgan failed to prepare and follow for each pipeline system a manual of written procedures for conducting normal operations in accordance with section 195.402(a). Specifically, Kinder Morgan failed to follow its procedures for maintaining site specific procedures for each breakout tank operation at its terminal locations.

During the inspection, PHMSA requested Kinder Morgan's site-specific procedures related to breakout tanks. Kinder Morgan provided *T-O&M 2241 – Tank to Tank Transfer*, dated 11/18/14, *T-O&M 2242 – Tank Circulation*, dated 11/18/14, *T-O&M 2281- Roof Off Float Management*, dated 10/9/14, *T-O&M 2245 – Liquid Storage Tanks Gauging*, dated 6/14/18, *T-O&M 2251 – Tank Blending*, dated 11/18/14, and *T-O&M 2252 – Tank Water Draws*, dated 11/18/14 (collectively, "Tank Procedures").

The Tank Procedures contained generally applicable minimum operating expectations for all Kinder Morgan terminal locations. The Tank Procedures also required, in section 2, that Kinder Morgan develop up-to-date, site-specific operating procedures for each terminal location. However, Kinder Morgan failed to provide any site-specific procedure. When PHMSA requested additional procedures for the ten applicable Kinder Morgan terminal locations, Kinder Morgan stated that they were not all applicable and that the Tank Procedures provided were the only site-specific procedures available. However, The Tank Procedures failed to include the specific location details required for operations for each terminal location.

Furthermore, the Tank Procedures failed to be linked or referenced in the liquids and/or terminals operations and maintenance procedures. When PHMSA requested further information on how these procedures were incorporated and made available, Kinder Morgan confirmed that these procedures are applicable to each Kinder Morgan terminal facility. However, Kinder Morgan failed to provide additional information on how the manuals are referenced in the liquids and/or terminals operations and maintenance manuals.

Therefore, Kinder Morgan failed to prepare and follow for each pipeline system a manual of written procedures for conducting normal operations in accordance with section 195.402(a).

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$272,926 per violation per day the violation persists, up to a maximum of \$2,729,245 for a related series of violations. For violation occurring on or after December 28, 2023 and before December 30, 2024, the maximum penalty may not exceed \$266,015 per violation per day the violation persists, up to a maximum of \$2,660,135 for a related series of violations. For violation occurring on or after January 6, 2023 and before December 28, 2023, the maximum penalty may not exceed \$257,664 per violation per day the violation persists, up to a maximum of \$2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022 and before January 6, 2023, the maximum penalty may not exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,412 for a related series of violations. For violation occurring on or after May 3, 2021 and before March 21, 2022, the maximum penalty may not exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July

31, 2019, and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations.

We have reviewed the circumstances and supporting documents involved in this case and have decided not to propose a civil penalty assessment at this time.

Proposed Compliance Order

With respect to Item 1, pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Kinder Morgan Liquid Terminals, LLC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement Proceedings*. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be 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).

Following your receipt of this Notice, you have 30 days to respond as described in the enclosed *Response Options*. If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. The Region Director may extend the period for responding upon a written request timely submitted demonstrating good cause for an extension.

In your correspondence on this matter, please refer to **CPF 1-2026-002-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Robert Burrough
Director, Eastern Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Kinder Morgan Liquid Terminals, LLC (Kinder Morgan) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Kinder Morgan with the pipeline safety regulations:

- A. In regard to Item 1 of the Notice pertaining to Kinder Morgan's failure to develop site specific operating procedures for each terminal location, Kinder Morgan must develop site specific procedures for the ten terminal locations within the scope of this inspection and provide those procedures to the Eastern Region Director within 120 days of receipt of Final Order.
- B. It is requested (not mandated) that Kinder Morgan Liquid Terminals, LLC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Robert Burrough, Director, Eastern Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.