



March 25, 2021

VIA EMAIL

Gregory A. Ochs
Director, Central Region, OPS
Pipeline and Hazardous Materials Safety Administration
901 Locust Street, Suite 480
Kansas City, MO 64106

Dear Mr. Ochs:

RE: CPF 3-2021-5006W, WARNING LETTER

We received the above referenced CPF Warning Letter, dated February 26, 2021 and are providing this brief response.

The Warning Letter states that following an inspection at five Kinder Morgan Liquid Terminals, LLC (KMLT) located in Chicago, Illinois; Wood River, Illinois; Indianapolis, Indiana; Dayton, Ohio; and Cincinnati, Ohio in 2017. As a result of the inspection, it is alleged that KMLT committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

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.

KMLT failed to follow its own written procedure, T-O&M 1102, "Response to Abnormal Operations (Pressure & Flow Control)" (revised June 29, 2016) by not properly recording the abnormal operation that occurred on October 28th, 2016, in a timely manner. Specifically, this KMLT procedure requires an "incident report" to be completed and filed "no more than thirty days following the incident." According to records provided to PHMSA by KMLT, the incident report was not completed until August 17th, 2017, which is 263 days beyond what the procedure allows.

KMLT Response: KMLT has reviewed T-O&M Procedure 1101 (revision date June 29, 2016, attached) and found no mention of a requirement to file an "incident report", "no more than thirty days following the incident". KMLT respectfully requests that this item be removed from the Warning letter.

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2. §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.

KMLT failed to follow its own written procedure, T-O&M 903, "External Corrosion Control for Buried or Submerged Pipelines" (revised October 29, 2015) regarding casing isolation. Specifically, Section 3.8 of the procedure requires testing of "...electrical isolation by comparing the casing-to-soil potentials to the matching pipe-to-soil potentials...". In accordance with the procedure, test leads to the casing or a vent pipe and test leads to the carrier pipe are required points for this comparison. Casings at the following locations did not have one or more of the required testing points in 2016:

- Casings 1, 4, 6, 7, 8, 9 on the 14" line and casing 1b on the 8" line.

KMLT Response: Casing #1 on the 14" was originally determined not to exist based on alignment sheet and ILI data showing no casing on the line. After further review there has been indication of a casing in the location with plans for a project to take place later this year to confirm if there is or is not a casing, and if so, make appropriate repairs to determine isolation. In the 2018 annual cathodic protection survey, KMLT determined that casing location #9 on the 14" and #1b on the 8" were isolated. There were plans to start the casing repair project in 2018. However, due to permitting issues with Metropolitan Water Reclamation District (MWRD) this repair was postponed to late 2019. In October of 2019, KMLT completed a project to make repairs at casing locations 4, 6, 7, and 8 resulting in all of these locations showing isolation in the 2019 annual cathodic protection survey.

3. §195.573 What must I do to monitor external corrosion control?

(a) . . .

(e) *Corrective action.* You must correct any identified deficiency in corrosion control as required by §195.401(b). However, if the deficiency involves a pipeline in an integrity management program under §195.452, you must correct the deficiency as required by §195.452(h).

KMLT failed to correct identified deficiencies in corrosion control as required by 49 C.F.R. §195.401(b). Specifically, the company discovered cathodic protection (CP) conditions that could adversely affect the safe operation of its pipeline, but failed to correct them within a reasonable time.

CP reads for Tank 80-4 met the -850mV criterion in 2014 but the reads were marginal. As a precaution, an additional six anodes were scheduled to be installed in November of 2015 but

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this never happened. The 2015, 2016 annual CP surveys for Tank 80-4 at the Argo Terminal revealed that CP on the tank did not meet the -850 mV criterion any longer. Despite not meeting the established criterion, the six anodes remained uninstalled at the time of the PHMSA inspection in 2017. Documentation provided to PHMSA showed the tank CP readings still did not meet the -850 mV criterion as of December 19, 2017. That is three consecutive annual surveys with noncompliant CP reads for Tank 80-4. Therefore, KMLT failed to correct identified CP deficiencies within a reasonable time.

While KMLT allows for the 100mV shift criterion, the native potentials for Tank 80-4 were not available and a depolarization survey had not been conducted as of the PHMSA inspection in 2017 and therefore the 100mV criterion could not be verified as legitimate.

In a separate instance of not correcting identified CP deficiencies in a timely manner, the pipe-to-soil readings for both the "Tank 63-1 West Line" and the "Tank 63-1 East Line" did not meet the -850 mV criterion during the 2016 and 2017 annual surveys.

KMLT Response: In September, 2017, a shallow distributed anode bed was installed around the perimeter of tank 80-4. This system was commissioned and tested in March of 2018 with all test point meeting -850 mV criteria. In 2019, KMLT conducted a Depole survey to utilize 100 mV criteria.

KMLT installed an anode next to the 63-1 lines and tied it in to the existing 63-1 rectifier positive header cable in September of 2017. In 2018 both readings met -850mV criteria for both of the 63-1 pipelines in the annual survey.

KMLT is committed to operating our terminals and pipeline systems safely and in compliance with all applicable regulations. If you have any further questions, please feel free to contact myself at 732.969.35753 or Danielle Stephens at 713.725.0147.

Sincerely,

Joshua A. Etzel
Vice President - Operations
Northern Area

Cc: Danielle Stephens
Rick Seaman
Mary Clair Lyons

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