

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 25, 2013

Mr. Carlos Munguia
Vice President Operations
Kinder Morgan Liquid Terminals, LLC
8500 West 68th Street
Argo, Illinois 60501

CPF 3-2013-5003M

Dear Mr. Munguia:

On December 4-6, 2012, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Kinder Morgan Liquid Terminals' (KLMT) procedures and records as part of a standard unit inspection in Argo, Illinois.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within KMLT plans or procedures, as described below:

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.

§195.404(a) Each operator shall maintain current maps and records of its pipeline systems that include at least the following information;

- (1) Location and identification of the following pipeline facilities;**
 - (i) Breakout tanks;**

- (ii) Pump stations;**
- (iii) Scraper and sphere facilities;**
- (iv) Pipeline valves;**
- (v) Facilities to which §195.402(c)(9) applies;**
- (vi) Rights-of-way; and**
- (vii) Safety devices to which §195.428 applies.**

KMLT's Asset Integrity Plan should document the identification of all PHMSA regulated pipeline facilities in the Argo, Illinois operational area; including but not limited to: breakout tanks, station and facility piping, regulated pipelines in and out of the facility (e.g. the pipeline to the Midway Airport), etc. Additionally, the Asset Integrity Plan should identify and document the pressure control, overpressure protection, and safety devices for the PHMSA regulated assets.

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.

§195.404(a) Each operator shall maintain current maps and records of its pipeline systems that include at least the following information;

- (3) The maximum operating pressure of each pipeline.**

KMLT's Asset Integrity Plan should document the maximum operating pressure (MOP) of all PHMSA regulated assets in the Argo, Illinois operational area.

3. §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.

§195.402 (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 Asset Integrity Plan should document the implementation of the required Subpart H – Corrosion Control program for the PHMSA regulated assets in the Argo, Illinois operational area.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. 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). 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, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Kinder Morgan Liquid Terminals, LLC maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to David Barrett, Director, Central Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 3-2013-5003M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

David Barrett
Director, Central Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*