

AIR DERC_100237452-300991_
TR_20050510_Trade_D1252

The State of Texas

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Certificate Number

D-1252



Number of Credits

35.0 tons NOx

Discrete Emission Reduction Credit Certificate

This certifies that
Kinder Morgan Liquids Terminals LLC
405 Clinton Drive
Galena Park, TX 77384

is the owner of 35.0 tons of nitrogen oxide (NOx) discrete emission reduction credits established under the laws of the State of Texas, transferable only on the books of the Texas Commission on Environmental Quality, by the holder hereof in person or by duly authorized Attorney, upon surrender of this certificate.

The owner of this certificate is entitled to utilize the discrete emission credits evidenced herein for all purpose authorized by the laws and regulations of the State of Texas and is subject to all limitations prescribed by the laws and regulations of the State of Texas.

Discrete Emission Reduction Generation Period: August 1, 1995 - December 31, 1997

Generator Regulated Entity No.: RN100225945

Generator Certificate: D-1005

County of Generation: Brazoria

USED

117.475(6)(1)(A)

PURPOSE: Intent - 300910

DATE: 11/19/06

May 10, 2005

Date

A handwritten signature in dark ink, appearing to be "D. H. White", written over a horizontal line.

Executive Director
Texas Commission on Environmental Quality

DISCRETE EMISSION CREDITS TECHNICAL REVIEW

Project No.:	400953	Customer Reference No.:	CN602717092
Project Type:	BDIU	Regulated Entity No.:	RN100237452
Company:	KM Liquids Terminals	Facility Name:	Galena Park Terminal
City:	Galena Park	County:	Harris
Project Reviewer:	Mr. Ivan K. Gray	Portfolio Name:	P1871 KM Liquids Terminal

Project Overview

On November 10, 2005, KM Liquids Terminals CN602717092 submitted a Notice of Intent to Use Discrete Emission Reduction Credits (Form DEC-2), received November 10, 2005, for their Galena Park Terminal Site, RN100237452. KM Liquids Terminals plans to use 2.9 tons of NO_x credits for regulatory emission increases, 0.29 tons and for environmental contribution. The certificate to be used will be D-2057 transferred from D-1252.

Discrete Emission Credit / Emission Reduction Credit Use

KM Liquids Terminals plans to use the credits to meet regulatory requirements in 30 TAC §§ 117.475 (c)(1)(A) for a boiler at their Galena Park Terminal site, RN100237452.

Certificate(s) to be used	D-2057
Pollutant	NO _x
Amount	3.2
Regulation	30 TAC 117.475(c)(1)(A)
Use period/Use Date	January 1, 2006 - December 31, 2006

Credit Use Calculation Methods

Discuss calculation method for use

The formula to be used will be $(\text{ELA}/2000) \times (\text{EER} - \text{RER}) = \text{discrete emission credits needed}$.

For BOILER4 this will be $\frac{(105600 \text{ mmbtu}) \times (0.09 - 0.036)}{2000 \text{ lbs/ton}} = 2.85$ rounded to 2.9

Total FIN = 2.9 + 10% Environmental Contribution = .29, rounded up will be 3.2 tons of NO_x DERC's

Conclusion:

KM Liquids Terminals will use 3.2 tons of NO_x DERC Credits to comply with their regulated emission rate. DERC Cert D-2057 is for 32.6 tons of NO_x DERCs, 3.2 tons will be held pending a DERC use and 29.4 tons will be returned on certificate D-2155

Project Reviewer

Date

Team Leader/Section Manager/Backup

Date

May 10, 2005

Ms. Christina Harris
Kinder Morgan Liquids Terminals, L.L.C.
405 Clinton Drive
Galena Park, Texas 77384

Re: Transfer of Discrete Emission Reduction Credits from National Offsets
Galena Park Terminal
Galena Park, Harris County
Regulated Entity Number: RN100237452
Customer Reference Number: CN601545940
DERC Certificate Number: D-1251

Dear Ms. Harris:

This letter is in response to a notice received from National Offsets dated January 4, 2005, regarding the transfer of Discrete Emission Reduction Credits (DERCs). We understand that National Offsets has transferred a total amount of 35.0 tons nitrogen oxides (NO_x) DERCs to Kinder Morgan Liquids Terminals, L.L.C.

Enclosed is a copy of DERC Certificate Number D-1252 issued to Kinder Morgan Liquids Terminals, L.L.C., reflecting the transferred amount of 35.0 NO_x tons of DERCs from DERC Certificate Number D-1251. DERC Certificate Number D-1251, originally issued to National Offsets, is now canceled.

The above-mentioned certificate has been deposited in the Texas Commission on Environmental Quality (TCEQ) Emissions Credit Registry. The certificate may be transferred or sold to another owner for use per the requirements of Title 30 Texas Administrative Code §§ 101.370 - 101.379. However, the certificate must be submitted to the TCEQ Discrete Emission Credits Registry when ownership of the credits changes.

Please reference the regulated entity number (RN) and customer reference number (CN) noted in this document in all your future banking and trading correspondence. The RN replaces the former TCEQ account number for the facility or site. The CN is a unique number assigned to the company or corporation and applies to all facilities and sites owned or operated by this company or corporation.

Ms. Christina Harris

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May 10, 2005

Re: Transfer of Discrete Emission Reduction Credits from National Offsets

Thank you for your cooperation in this matter. If you have questions concerning this transaction or need further assistance regarding the banking program, please contact Mr. Ivan Gray at (512) 239-4451 or write to the Texas Commission on Environmental Quality, Office of Permitting, Remediation, and Registration, Air Permits Division (MC-163), P.O. Box 13087, Austin, Texas 78711-3087.

Sincerely,

A handwritten signature in black ink, appearing to read "R. A. Hyde". The signature is stylized with a large, looped "R" and a cursive "Hyde".

Richard A. Hyde, P.E., Director
Air Permits Division
Office of Permitting, Remediation, and Registration
Texas Commission on Environmental Quality

RAH/IKG/def

Enclosure

cc: Mr. Rob Barrett, Director, Harris County Public Health and Environmental Services,
Pollution Control Department, Pasadena
Air Section Managers, Region 12 - Houston

Project Number: 300991