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OCT 28 2018

Enforcement Division

October 15, 2018

Mr. Ramiro Garcia Jr, Deputy Director
Office of Compliance and Enforcement (MC-172)
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, TX 78711-3087

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OCT 22 2018

TCEQ
COMPLIANCE & ENFORCEMENT

Re: KM Liquids Terminals LLC – Galena Park Terminal
Galena Park, Harris County
Regulated Entity No. RN100237452; Customer Reference No. CN603254707
Update to the Voluntary Disclosure of Violations, Investigation No. 1337591


Dear Mr. Garcia:

KM Liquids Terminals LLC (KM) submitted a Notice of Audit on June 1, 2016 regarding the compliance with all applicable environmental regulations and related authorizations or permits for the Galena Park Terminal. During the 6 month audit period, KM identified potential violations under the audit. This letter provides KM's 3rd Quarter 2018 Disclosure of Violations.

KM hereby invokes the immunity from civil and administrative penalties provided by Section 10 of the Environmental, Health and Safety Audit Privilege Act. The enclosed addendum summarizes the potential violations discovered, the specific rule or permit provision potentially violated, and the status and schedule of corrective actions.

We will update this disclosure as appropriate. If you have any questions or require further information regarding this matter, please do not hesitate to contact me at (713) 920-8434.

Sincerely,
KM LIQUIDS TERMINALS LLC


Liz Kashi
Environmental Manager

cc: Ashley K Wadick, Regional Director, Houston Regional Office, TCEQ

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TCEQ
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No.	Violation	Citation	Start date of Violation	Corrective Action Plan	Progress Update	Target Completion Date	Violation Status Completion date
1	Failure to notify the TCEQ of start of construction within 15 working days for vapor combustion unit TNK-VCU-2. Failure to notify the TCEQ of completion of construction within 15 working days for vapor combustion units TNK-VCU-2 and VCU-BD3.	30 TAC 116.115(b)(2)(A) 40 CFR 60.7(a)(1)	3/21/2016	Submit notification with VCU construction dates.	TNK-VCU-2 start and completion of construction notification and VCU-BD3 construction completion notification submitted on 6/28/2016. COMPLETE	6/30/2016	6/28/2016 COMPLETE
2	Start of construction notification submitted more than 15 working days after construction had commenced on vapor combustion units TNK-VCU-1C and TNK-VCU-1D.	30 TAC 116.115(b)(2)(A) 40 CFR 60.7(a)(1)	11/24/2014	Notification submitted on March 18, 2015	Notification submitted on 3/18/2015. COMPLETE	COMPLETE	3/18/2015 COMPLETE
3	Failure to notify the TCEQ regional office prior to the commencement of operations of vapor combustion units VCU-1C and VCU-BD3.	30 TAC 116.115(b)(2)(B) 40 CFR 60.7(a)(3)	5/24/2016	Submit notification with VCU start-up dates.	VCU-1C and VCU-BD3 startup notifications submitted on 6/28/2016. COMPLETE	6/30/2016	6/28/2016 COMPLETE
4	Loss of valid data from temperature measurement devices due to periods of monitor break down, out-of-control operation, repair, maintenance, or calibration exceeded 5 percent of the time that the Marine Vapor Combustion Units (VCU) 2A, 2B, and 2C operated over the previous 12-month rolling period.	TCEQ NSR Permit 2193 Special Condition 34; Federal Operating Permit #0988	1/1/2015	Create a process to track loss of valid data on a monthly basis to ensure action is taken promptly once invalid data is recorded.	Loss of Valid Data report configured by SCADA group on 10/1/2016. COMPLETE	12/15/2016	10/1/2016 COMPLETE
5	Marine Vapor Combustion Units (VCU) 1B and SD4 data records indicated that incorrect temperature set points were programmed in the Supervisory Control & Data Acquisition (SCADA) system, resulting in combustion zone temperatures below the respective one-hour average temperatures maintained during the last satisfactory stack tests.	TCEQ NSR Permit 2193 Special Conditions 34, 54, & 73; Federal Operating Permit #0988	5/19/2013	Establish work group with participation from Environmental, Operations, Maintenance, Instrumentation & Electrical (I&E), and SCADA to review existing VCU procedures, set points, alarms, and communications and update as needed to ensure compliance with all applicable permit and regulatory requirements.	MOC completed on 3/16/2016 to update VCU-1B and SD4-VCU temperature setpoints in SCADA system. COMPLETE	12/15/2016	3/16/2016 COMPLETE
6	Tank Vapor Combustion Units (VCU) 1A, 1B, and 2 data records indicated that incorrect temperature set points were programmed in the Supervisory Control & Data Acquisition (SCADA) system, resulting in combustion zone temperatures below the respective one-hour average temperatures maintained during the last satisfactory stack tests.	TCEQ NSR Permit 2193 Special Conditions 34; Federal Operating Permit #0988	10/26/2012	Establish work group with participation from Environmental, Operations, Maintenance, Instrumentation & Electrical (I&E), and SCADA to review existing VCU procedures, set points, alarms, and communications and update as needed to ensure compliance with all applicable permit and regulatory requirements.	MOC completed on 4/25/2016 to update VCU 1A, 1B, and 2 temperature setpoints in SCADA system. COMPLETE	12/15/2016	4/25/2016 COMPLETE
7	Failure to record total run-time hours for natural gas engines E-GEN1, E-GEN2, E-GEN3, and E-GEN4.	Federal Operating Permit #0988 Special Condition 21; 30 TAC 106.511; 30 TAC 117.303(a)(11); 30 TAC 117.303(a)(6)(D); 40 CFR 60.4245(b)	6/22/2014	Update monthly engine preventative maintenance forms to include entry for total run-time hours, and provide training for field mechanics on run-time recording requirements.	Engine PM forms updated to note run-time hours, field mechanics trained on requirements to document engine run-times, and initiated work practice to document run-time hours on 10/3/2016. COMPLETE	9/15/2016	10/3/2016 COMPLETE
8	Failure to include Items 2, 4 - 7, 9 - 12, and 14-16 in previous deviation reports.	30 TAC 122.145(2)(A)	1/18/2013	Report in upcoming deviation report.	Deviations included in Title V deviation reports submitted on 7/20/2016 and 1/19/2017. COMPLETE	12/22/2016	1/19/2017 COMPLETE
9	The VCU-1, VCU-2, and Ship Dock No. 4 VCU systems exceeded the 12 month rolling MAERT limits for SO2.	TCEQ NSR Permit 2193 MAERT; Federal Operating Permit #0988 Special Condition 1	12/22/2015	Review current permit representations and amend limits to reflect best available emission factors and maximum throughput based on vapor combustor design.	NSR renewal/amendment under review by TCEQ. <u>2Q 2017 Update:</u> KM continues to work with Agency to ensure timely issuance. <u>3Q 2017 Update:</u> KM continues to work with Agency to ensure timely issuance. <u>4Q 2017 Update:</u> KM continues to work with Agency to ensure timely issuance. <u>1Q 2018 Update:</u> No update since last quarter. <u>2Q 2018 Update:</u> No update since last quarter. <u>3Q 2018 Update:</u> No update since last quarter.	12/15/2016	TBD (NSR renewal/amendment under review at TCEQ)

10	Annual controlled tank degassing emissions exceeded the 12 month rolling MAERT limits for NOx and CO.	TCEQ NSR Permit 2193 MAERT; Federal Operating Permit #0988 Special Condition 1	12/22/2015	Review current permit representations and amend limits to reflect actual frequency of operation and fuel usage of portable degassing units.	Further review of annual controlled tank degassing emissions calculations indicated NOx and CO MAERT limits were not exceeded. COMPLETE	COMPLETE	N/A COMPLETE
11	Marine Vapor Combustion Unit (VCU) 1B continuous emissions monitoring system (CEMS) data indicated that the unit operated intermittently above the 400 ppm CO standard. The elevated CO emission rate is believed to be a result of the combustor operating below the temperature setpoint established during stack testing (as disclosed in item #5 above) while at oxygen rich conditions.	Federal Operating Permit #0988 Special Conditions 1 & 25; 30 TAC 117.310(c)(1)	3/12/2015	Establish work group with participation from Environmental, Operations, Maintenance, Instrumentation & Electrical (I&E), and SCADA to review existing VCU and CEMS procedures, set points, alarms, and communications and update as needed to ensure compliance with CO emission standard.	An error in the CO emission rate calculation was identified; once emissions were re-calculated on 10/20/2016, data indicated no exceedances of the CO standard. COMPLETE	12/15/2016	10/20/2016 COMPLETE
12	Failure to measure and record the concentration of VOC in the vapor space above the internal floating roof of tanks storing VOC with vapor pressures greater than 0.10 psia on a semi-annual basis.	TCEQ NSR Permit 2193 Special Condition 46(C)(4) Federal Operating Permit #0988	8/28/2014	Use explosimeter during semi annual visual seal inspections to ensure the concentration of VOC in the vapor space above the IFR does not exceed 30% of its lower explosive limit (LEL) on a semi annual basis. Update the semi annual visual seal inspection checklist to provide space to record the concentration of VOC in the vapor space.	2nd half 2016 visual seal inspections included documentation of LELs; inspection checklists updated to reflect permit requirement. COMPLETE	12/31/2016	12/31/2016 COMPLETE
13	Potential violations of permit allowable emission rates could occur during stack sampling of VCU-1C and TNK-VCU-2A. Stack sampling began on 11/17/2016 and will tentatively continue through 11/24/2016.	TCEQ NSR Permit 2193 Special Condition 77(D) Federal Operating Permit #0988	11/17/2016	If stack sampling results indicate exceedances of permit allowable emission rates, stack testing will be performed again. Kinder Morgan will report emission rate exceedances on the semi-annual deviation report and will document violations on this disclosure of violations as they are made known.	Final stack test reports indicated no exceedances of permit allowable emission rates occurred during stack testing. COMPLETE	11/24/2016 COMPLETE	11/19/2016 COMPLETE
14	The VCU-1, VCU-2, and Ship Dock No. 4 VCU systems exceeded the 12 month rolling MAERT limits for PM.	TCEQ NSR Permit 2193 MAERT; Federal Operating Permit #0988 Special Condition 1	12/22/2015	Review current permit representations and amend limits to reflect best available emission factors and maximum throughput based on vapor combustor design.	NSR renewal/amendment under review by TCEQ. <u>2Q 2017 Update:</u> KM continues to work with Agency to ensure timely issuance. <u>3Q 2017 Update:</u> KM continues to work with Agency to ensure timely issuance. <u>4Q 2017 Update:</u> KM continues to work with Agency to ensure timely issuance. <u>1Q 2018 Update:</u> No update since last quarter. <u>2Q 2018 Update:</u> No update since last quarter. <u>3Q 2018 Update:</u> No update since last quarter.	5/15/2017	TBD (NSR renewal/amendment under review at TCEQ)
15	The TNK-VCU-1C and TNK-VCU-1D VCU system exceeded the 12 month rolling MAERT limit for NOx.	TCEQ NSR Permit 2193 MAERT; Federal Operating Permit #0988 Special Condition 1	12/22/2015	Review current permit representations and amend limits to reflect best available emission factors and maximum throughput based on vapor combustor design.	NSR renewal/amendment under review by TCEQ. <u>2Q 2017 Update:</u> KM continues to work with Agency to ensure timely issuance. <u>3Q 2017 Update:</u> KM continues to work with Agency to ensure timely issuance. <u>4Q 2017 Update:</u> KM continues to work with Agency to ensure timely issuance. <u>1Q 2018 Update:</u> No update since last quarter. <u>2Q 2018 Update:</u> No update since last quarter. <u>3Q 2018 Update:</u> No update since last quarter.	5/15/2017	TBD (NSR renewal/amendment under review at TCEQ)

16	TNK-VCU-1D exceeded the hourly SO2 MAERT limit of 0.03 lbs/hr for eight hours between 7/7/2016 and 7/28/2016.	TCEQ NSR Permit 2193 MAERT; Federal Operating Permit #0988 Special Condition 1	7/7/2016	Review current permit representations and amend limits to reflect best available emission factors and maximum throughput based on vapor combustor design.	NSR renewal/amendment under review by TCEQ. <u>2Q 2017 Update:</u> KM continues to work with Agency to ensure timely issuance. <u>3Q 2017 Update:</u> KM continues to work with Agency to ensure timely issuance. <u>4Q 2017 Update:</u> KM continues to work with Agency to ensure timely issuance. <u>1Q 2018 Update:</u> No update since last quarter. <u>2Q 2018 Update:</u> No update since last quarter. <u>3Q 2018 Update:</u> No update since last quarter.	5/15/2017	TBD (NSR renewal/amendment under review at TCEQ)
17	BD3-VCU and SD4-VCU exceeded the 12 month rolling MAERT cap limit for VOC.	TCEQ NSR Permit 2193 MAERT; Federal Operating Permit #0988 Special Condition 1	1/1/2016	Review current permit representations and amend limits to reflect best available emission factors and maximum throughput based on vapor combustor design.	Further review of VCU VOC calculations indicated 12-month rolling limit was not exceeded. COMPLETE	COMPLETE	N/A COMPLETE