

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

December 18, 2009

Mr. Lee Lampton
President
Lion Oil Trading and Transportation, Inc.
P.O. Box 23028
Jackson, MS 39225-3028

CPF 4-2009-5012M

Dear Mr. Lampton:

On October 14-17; 27-29, 2008, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code inspected Lion Oil Trading and Transportation, Inc. (LOTT) records and procedures in El Dorado, Arkansas.

As a result of the inspection, it appears that your written procedures are inadequate to assure safe operation of the pipeline as follows:

1. §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.

LOTT must amend the hydrotest procedures in the Operations and Maintenance manual. The operator only used general terms related to safety during hydrotesting. The procedures did not include specifics about safety practices during the de-watering process to ensure that Hydro test procedures address safety precautions as described in Advisory Bulletin ABD-04-01.

2. §195.402 (e) Emergencies. The manual required by paragraph (a) of this section must include procedures for the following to provide safety when an emergency condition occurs;

(4) Taking necessary action, such as emergency shutdown or pressure reduction, to minimize the volume of hazardous liquid or carbon dioxide that is released from any section of a pipeline system in the event of a failure.

LOTT must amend the operator's specific start-up and shut-down procedures. The Magnolia to El Dorado pipeline system emergency procedures need to be amended to add more specificity and be included in the Control Center Emergency response manual.

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.

In your correspondence on this matter, please refer to **CPF 4-2009-5012M** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous
Materials Safety Administration

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