



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

400 Seventh Street, S.W.
Washington, D.C. 20590

NOV 28 2005

Mark Rauch
President
Pipeline & Terminal Management Corp.
P. O. Box 270415
Houston, TX 77277

RE: CPF No. 2-2005-6006

Dear Mr. Rauch:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It withdraws the allegation of violation and makes a finding of inadequate procedures and requires amendment of certain operating and maintenance procedures. When the amendment of procedures is completed, as determined by the Director, Southern Region, this enforcement action will be closed. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

James Reynolds
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosure

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

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**DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

In the Matter of)	
Pipeline & Terminal Management Corp.,)	CPF No. No. 2-2005-6006
Key West Pipeline)	
Respondent.)	

ORDER DIRECTING AMENDMENT

On September 29-30, 2004, pursuant to 49 U.S.C. § 60117, a representative of the Office of Pipeline Safety (OPS) Southern Region, conducted an on-site pipeline safety inspection of Respondent's Key West Pipeline Company facilities and records in Key West, Florida. As a result of the inspection, the Director, Southern Region, OPS, issued to Respondent, by letter dated May 10, 2005, a Notice of Probable Violation, Proposed Civil Penalty and Notice of Amendment (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had violated 49 C.F.R. § 195.402(a) and proposed assessing a civil penalty of \$3,000 for the alleged violation. The Notice also proposed, in accordance with 49 C.F.R. § 190.237, that Respondent amend its procedures for Operating and Maintenance (O&M).

Respondent responded to the Notice by letter dated, June 9, 2005 (Response). Respondent contested the allegation, offered information in mitigation of the proposed penalty, and expressed its intent to amend its O & M Procedures Manual. Respondent also requested a hearing. The hearing was held via teleconference on August 16, 2005.

WITHDRAWAL OF ALLEGATION

The Notice alleged that Respondent had violated 49 C.F.R. § 195.402, by failing to verify review of its operation and maintenance manual for the years of 2002 and 2003 at intervals not exceeding 15 months, but at least once each calendar year. At the hearing, Respondent submitted information to verify its O&M review and explained the review process. Based on this information demonstrating compliance with the regulation, I am withdrawing this allegation of violation and proposed civil penalty in Item 1(a).

AMENDMENT OF PROCEDURES

Items 1 (b-h) of the Notice alleged inadequacies in Respondent's Operating and Maintenance Manual and proposed to require amendment of Respondent's procedures to comply with the requirements of 49 C.F.R. § 195.402. Respondent did not contest the proposed Notice of Amendment.

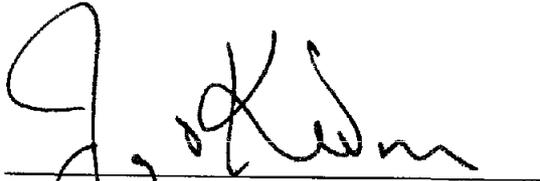
Accordingly, I find that Respondent's procedures are inadequate to ensure safe operation of its pipeline system. Pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237, Respondent is ordered to make the following revisions to its procedures. Respondent must -

1. Amend your procedures to include a process for analyzing pipeline accidents to determine their causes, in accordance with 49 C.F.R. § 195.402(c)(5).
2. Amend your procedures to include adequate precautions in excavated trenches to protect personnel from the hazards of unsafe accumulations of vapor or gas, and making available when needed at the excavation, emergency rescue equipment, including a breathing apparatus and a rescue harness and line, in accordance with 49 C.F.R. § 195.402(c) (14).
3. Amend your procedures to require the filing of a supplemental report within 30 days of an accident when changes in the information reported or additions to the original report on DOT Form 7000-1 are required, in accordance with 49 C.F.R. § 195.54(b).
4. Amend your existing procedures to ensure that repairs to the pipeline systems are made in a safe manner and are made so as to prevent damage to persons or property, in accordance with 49 C.F.R. § 195.422(a).
5. Amend your procedures to require that a launcher or receiver is equipped with a relief device capable of safely relieving pressure in the barrel before insertion or removal of scrapers or spheres, in accordance with 49 C.F.R. § 195.426.
6. Amend your procedures to include a process to correct corroded pipe, in accordance with 49 C.F.R. § 195.585.
7. Amend your procedures to include the use of methods to determine the strength of corroded pipe, in accordance with those listed in 49 C.F.R. § 195.587.
8. Submit the amended procedures to the Regional Director, Southern Region, OPS within 30 days following receipt of this Order.

The Regional Director may extend the period for complying with any of the required items if the Respondent requests an extension and adequately justifies the reasons for the extension.

Failure to comply with this Amendment may result in the assessment of civil penalties of up to \$100,000 per violation per day, or in the referral of the case for judicial enforcement.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a Petition for Reconsideration of this Final Order. The petition must be received within 20 days of Respondent's receipt of this Final Order and must contain a brief statement of the issue(s). The terms of the order, including any required corrective action and amendment of procedures, remain in full effect unless the Associate Administrator, upon request, grants a stay. The terms and conditions of this Final Order are effective on receipt.



for
Stacey Gerard
Associate Administrator
for Pipeline Safety

NOV 28 2005

Date Issued