

## NOTICE OF AMENDMENT

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 7, 2007

Mr. Dudley Tarlton  
President  
Transmontaigne Product Services, Inc.  
PO Box 5660  
Denver CO 80217-5660

**CPF 4-2008-5005M**

Dear Mr. Tarlton:

On October 15-19, 2007, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Transmontaigne procedures for Integrity Management in Brownsville Texas.

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

1. **§195.452 Pipeline integrity management in high consequence areas.**
  - (f) **What are the elements of an integrity management program? An integrity management program begins with the initial framework. An operator must continually change the program to reflect operating experience, conclusions drawn from results of the integrity assessments, and other maintenance and surveillance data, and evaluation of consequences of a failure on the high consequence area. An operator must include, at minimum, each of the following elements in its written integrity management program:**
    - (5) **A continual process of assessment and evaluation to maintain a pipeline's integrity (see paragraph (j) of this section)**

**(j) What is a continual process of evaluation and assessment to maintain a pipeline's integrity?**

**(1) General.** After completing the baseline integrity assessment, an operator must continue to assess the line pipe at specified intervals and periodically evaluate the integrity of each pipeline segment that could affect a high consequence area.

**(2) Evaluation.** An operator must conduct a periodic evaluation as frequently as needed to assure pipeline integrity. An operator must base the frequency of evaluation on risk factors specific to its pipeline, including the factors specified in paragraph (e) of this section. The evaluation must consider the results of the baseline and periodic integrity assessments, information analysis (paragraph (g) of this section), and decisions about remediation, and preventive and mitigative actions (paragraphs (h) and (i) of this section).

The process to perform the periodic evaluation process must be detailed in sufficient specificity to ensure consistent application, and Transmontaigne must identify specific triggers, as required in 195.452(j)(2), for the initiation of the periodic evaluation to assure pipeline integrity. The Rio Vista – 8” Diamondback Pipeline Post Assessment Report, dated September 12, 2007, that was reviewed during the inspection provides a mechanism to document the performance of this required process.

**2. §195.452 Pipeline integrity management in high consequence areas.**

**(f) see above**

**(7) Methods to measure the program's effectiveness (see paragraph (k) of this section);**

**(k) What methods to measure program effectiveness must be used? An operator's program must include methods to measure whether the program is effective in assessing and evaluating the integrity of each pipeline segment and in protecting the high consequence areas. See Appendix C of this part for guidance on methods that can be used to evaluate a program's effectiveness.**

**(l) What records must be kept?**

**(1) An operator must maintain for review during an inspection:**

**(i) A written integrity management program in accordance with paragraph (b) of this section.**

**(ii) Documents to support the decisions and analyses, including any modifications, justifications, variances, deviations and determinations made, and actions taken, to implement and evaluate each element of the integrity management program listed in paragraph (f) of this section.**

TransMontaigne's procedural requirements for the conduct of the annual SME meeting must require that documentation in sufficient specificity is generated to ensure regulatory compliance for those IM Rule required processes performed during the meeting as well as communication of the accomplishments to date, decisions made, and actions to be taken within TransMontaigne's organization. The annual IMP SME meeting appears to provide meaningful and useful insights into the IMP as well as meet several required IM Rule processes. The structure of this meeting, including timing requirements, must be detailed to ensure consistent

participation and application and ensure documented compliance with regulatory requirements. The processes discussed during the inspection as being performed during this meeting include, but are not limited to, updates to risk model, P&MM evaluations, periodic evaluations of the integrity of the pipeline, ongoing leak detection capabilities evaluation, and program evaluation.

### 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 correspondence concerning this matter, please refer to **CPF 4-2008-5005M** 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*