



U.S. Department  
of Transportation

**Pipeline and  
Hazardous Materials Safety  
Administration**

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

MAR 18 2005

Mr. Charles C. Handly  
Executive Vice President  
Penn Octane Corporation  
Two Memorial City Plaza  
820 Gessner, Suite 1285  
Houston, Texas 77024

Re: CPF No. 4-2004-5022

Dear Mr. Handly:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It makes a finding of violation and assesses a civil penalty. I acknowledge receipt of and accept your wire transfer for \$5,000 as payment in full of the civil penalty assessed in the Final Order. The Final Order also acknowledges your completion of the proposed compliance order items to comply with the pipeline safety regulations. This case is now 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

cc: Rod Seeley, Region Director  
Southwest Region, OPS

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
OFFICE OF PIPELINE SAFETY  
WASHINGTON, DC 20590

In the Matter of )  
)

Penn Octane Corporation, )  
)

Respondent )  
)

CPF No. 4-2004-5022

FINAL ORDER

On May 20, 2004, in accordance with 49 C.F.R. § 190.207, the Director, Southwest Region, Office of Pipeline Safety (OPS), issued Respondent a Notice of Probable Violation, Proposed Civil Penalty and Proposed Compliance Order (Notice). The Notice proposed finding that Respondent had violated 49 C.F.R. § 195.452(b)(2) and proposed assessing a civil penalty of \$5,000 for the alleged violation. The Notice also proposed that Respondent take certain measures to correct the alleged violation.

After requesting and receiving an extension of time to respond, Respondent submitted information on September 16, September 20, and November 16, 2004, concerning the corrective actions it has taken. Respondent submitted a wire transfer in the amount of the proposed civil penalty (\$5,000) on June 17, 2004, waiving further right to respond and authorizing the entry of this Final Order.

Pursuant to 49 C.F.R. § 190.213 and 49 U.S.C. § 60122, I find that Respondent violated the following section of 49 C.F.R. Part 195, as more fully described in the Notice:

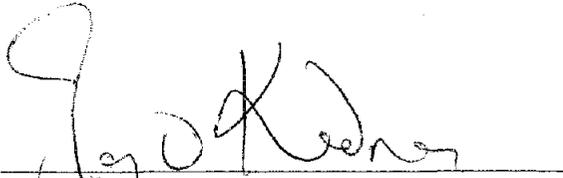
49 C.F.R. § 195.452(b)(2) – failing to include in the written integrity management program an identification of each Category 2 pipeline or pipeline segment by November 18, 2002.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent. I assess Respondent a civil penalty of \$5,000, already paid by Respondent.

The Notice also proposed a compliance order for the violation of 49 C.F.R. § 195.452(b)(2). Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under Chapter 601. The Director, Southwest Region, OPS, has reviewed

the corrective action taken by Respondent and has indicated that the corrective action has achieved compliance with respect to this violation. Accordingly, since compliance has been achieved, it is not necessary to include the compliance terms in this order.

The terms and conditions of this Final Order are effective on receipt.



for  
Stacey Gerard  
Associate Administrator  
for Pipeline Safety

MAR 18 2005

Date Issued