



U.S. Department
of Transportation
**Pipeline and
Hazardous Materials
Safety Administration**

409 3rd St. S.W. Suite 300
Washington, D.C. 20024

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 3, 2008

Mr. Richard R. Fisette, Vice President
IMTT-Pipeline
250 E. 22nd St. P.O. Box 67
Bayonne, NJ 07002

CPF 1-2008-5006

Dear Mr. Fisette:

On May 5-8, 2008, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your transmission pipeline in Bayonne, New Jersey.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

1. §195.589 What corrosion control information do I have to maintain?

§195.589(c) You must maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist. You must retain these records for at least 5 years, except that records relating to §195.569, 195.573(a) and (b), and 195.579(b)(3) and (c) must be retained for as long as the pipeline remains in service.

Item 1A) IMTT-Pipeline could not produce any records demonstrating corrosion monitoring under §195.583(a).

Item 1B) IMTT-Pipeline could not produce any records demonstrating that piping removed from the system under §195.579(c) was inspected for evidence of internal corrosion.

Proposed Compliance Order

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to IMTT - Pipeline. Please refer to the *Proposed Compliance Order* that is enclosed and made a part of this Notice.

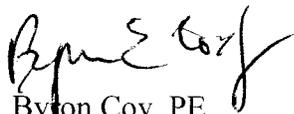
Response to this Notice

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.

In your correspondence on this matter, please refer to **CPF 1-2008-5006** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Byron Coy". The signature is fluid and cursive, with a large initial "B" and a long, sweeping tail.

Byron Coy, PE
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to IMTT - Pipeline a Compliance Order incorporating the following remedial requirements to ensure the compliance of IMTT - Pipeline with the pipeline safety regulations:

1. In regard to Item Numbers 1A and 1B of the Notice pertaining to record-keeping of corrosion control activities, IMTT - Pipeline must establish additional training and documentation. Employee training must emphasize federal code requirements for inspection and documentation. Procedures must be established where employees will be able to understand the activities to be performed and the process required for documentation of activity results.
3. IMTT - Pipeline must complete this additional training and documentation within 180 days after receipt of Final Order.
4. IMTT - Pipeline shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director, Eastern Region, Pipeline and Hazardous Materials Safety Administration. Costs shall be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.