



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

233 Peachtree Street Ste. 600
Atlanta, GA 30303

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 19, 2007

Mr. Mark S. Rauch, President
Key West Pipeline Company
Pipeline & Terminal Management Corp.
P.O. Box 270415
Houston, TX 77277

CPF 2-2007-6008M

Dear Mr. Rauch:

On May 10, 2006, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your procedures for Key West Pipeline Company in Key West, Florida.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Key West Pipeline Company procedures as described below:

1. §195.559 What coating material may I use for external corrosion control?

Coating material for external corrosion control under §195.557 must –

- (a) Be designed to mitigate corrosion of the buried or submerged pipeline;**
- (b) Have sufficient adhesion to the metal surface to prevent under film migration of moisture;**
- (c) Be sufficiently ductile to resist cracking;**
- (d) Have enough strength to resist damage due to handling and soil stress;**
- (e) Support any supplemental cathodic protection; and**
- (f) If the coating is an insulating type, have low moisture absorption and provide high electrical resistance.**

§195.581 Which pipelines must I protect against atmospheric corrosion and what coating material may I use?

- (a) You must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.**
- (b) Coating material must be suitable for the prevention of atmospheric corrosion.**

Section XI of the Key West Pipeline O&M Manual contains corrosion control requirements. This section of the manual lists a Sherwin Williams macropoxy/epolon coating system to be used for recoating in the event that external corrosion is found. It is not clear if the manual is referring to above ground or underground piping and equipment. The operations personnel interviewed at the PHMSA inspection indicated that the Sherwin Williams coating system was being used for above ground maintenance painting. They also indicated that some Royston Roskote A-51 Mastic was kept in stock if a need arose to do any maintenance coating work on sections of underground pipeline. Nothing is mentioned in the manual about underground pipeline coatings or Royston Roskote A-51 Mastic. This section of the O&M Manual needs to be revised to clearly specify what Key West Pipeline Company's coating requirements are for above ground and below ground pipelines and components.

2. §195.583 What must I do to monitor atmospheric corrosion control?

- (a) You must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:**

If the pipeline is located:	Then the frequency of inspection is:
Onshore	At least once every 3 calendar years, but with intervals not exceeding 39 months.
Offshore	At least once each calendar year, but with intervals not exceeding 15 months.

- (b) During inspections you must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.**
- (c) If you find atmospheric corrosion during an inspection, you must provide protection against the corrosion as required by §195.581.**

The Key West Pipeline Company O&M Manual does not contain requirements for conducting atmospheric corrosion inspections, though in practice above ground piping and equipment is looked at on a regular basis as part of monthly maintenance. The Key West O&M Manual needs to be revised to include the 195.583 requirements for conducting atmospheric corrosion inspections.

3. §195.222 Welders: Qualification of welders.

(a) Each welder must be qualified in accordance with section 6 of API 1104 (ibr, see §195.3) or section IX of the ASME Boiler and Pressure Vessel Code, (ibr, see §195.3) except that a welder qualified under an earlier edition than listed in §195.3 may weld but may not re-qualify under that earlier edition.

§195.228 Welds and welding inspection: Standards of acceptability.

(a) Each weld and welding must be inspected to insure compliance with the requirements of this subpart. Visual inspection must be supplemented by nondestructive testing.

(b) The acceptability of a weld is determined according to the standards in Section 9 of API 1104. However, if a girth weld is unacceptable under those standards for a reason other than a crack, and if Appendix A to API 1104 (ibr, see § 195.3) applies to the weld, the acceptability of the weld may be determined under that appendix.

Amdt. 195-22, 46 FR 38357, July 27, 1981; Amdt. 195-52, 59 FR 33388, June 28, 1994; Amdt. 195-81, 69 FR 32886, June 14, 2004

Section XVIII of the Key West pipeline Company O&M Manual addresses welding requirements. This section of the manual was not revised to incorporate the requirements of Amdt. 195-81, which adopted the 19th edition of API 1104. The manual requires welders to be qualified in accordance with Section 3 rather than Section 6 of API 1104. The manual also requires the acceptance of welds to be determined by the requirements of Section 6 rather than Section 9 of API 1104.

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 45 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 2-2007-6008M** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

A handwritten signature in black ink that reads "Linda Daugherty". The signature is written in a cursive, flowing style.

Linda Daugherty
Director, Southern Region
Pipeline and Hazardous Materials Safety Administration

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