

DECEMBER 19, 2013

Mr. Mark Rauch
President
Pipeline & Terminal Management Corporation
4635 Southwest Freeway, Suite 910
Houston, TX 77277-0415

Re: CPF No. 2-2013-6004

Dear Mr. Rauch:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and finds that Pipeline & Terminal Management Corporation and its subsidiary, McCain Pipeline Company, have completed the actions specified in the Notice to comply with the pipeline safety regulations. Therefore, this case is now closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Wayne Lemoi, Director, Southern Region, OPS

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

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

_____)	
In the Matter of)	
)	
Pipeline & Terminal)	CPF No. 2-2013-6004
Management Corporation,)	
)	
Respondent.)	
_____)	

FINAL ORDER

On January 23, 2013, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of McCain Pipeline Company (MPC), a subsidiary of Pipeline & Terminal Management Corporation (PTMC or Respondent) in Mississippi. The pipeline facilities consist of a four-inch-diameter petroleum transfer line running from the MPC Bulk Storage and Transfer facility in Lauderdale, Mississippi, for a distance of approximately 5.5 miles to the Meridian Naval Air Station near Meridian, Mississippi.¹

As a result of the inspection, the Director, Southern Region, OPS (Director), issued to Respondent, by letter dated June 5, 2013, a Notice of Probable Violation and Proposed Compliance Order (Notice), which also included a warning pursuant to 49 C.F.R. § 190.205. In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that PTMC's subsidiary had committed various violations of 49 C.F.R. Part 195 and proposed ordering Respondent to take certain measures to correct the alleged violations. The warning items required no further action, but warned the operator to correct the probable violation or face possible enforcement action.

PTMC responded to the Notice on behalf of MPC by letter dated July 31, 2013 (Response). The company did not contest the allegations of violation but provided information concerning the corrective actions it had taken. Respondent did not request a hearing and therefore has waived its right to one.

¹ Pipeline Safety Violation Report (Violation Report), (June 5, 2013) (on file with PHMSA), at 1.

FINDINGS OF VIOLATION

In its Response, PTMC did not contest the allegations in the Notice that MPC violated 49 C.F.R. Part 195, as follows:

Item 3: The Notice alleged that Respondent violated 49 C.F.R. § 195.406(a)(2), which states:

§ 195.406 Maximum operating pressure.

(a) Except for surge pressures and other variations from normal operations, no operator may operate a pipeline at a pressure that exceeds any of the following:

(1) The internal design pressure of the pipe determined in accordance with §195.106. However, for steel pipe in pipelines being converted under §195.5, if one or more factors of the design formula (§195.106) are unknown, one of the following pressures is to be used as design pressure:

(i) Eighty percent of the first test pressure that produces yield under section N5.0 of appendix N of ASME B31.8, reduced by the appropriate factors in §§195.106 (a) and (e); or

(ii) If the pipe is 12 ³/₄ inch (324 mm) or less outside diameter and is not tested to yield under this paragraph, 200 p.s.i. (1379 kPa) gage.

(2) The design pressure of any other component of the pipeline.

The Notice alleged that Respondent violated 49 C.F.R. § 195.406(a)(2) by operating its pipeline at a pressure that exceeded the design pressure of a pipeline component. Specifically, the Notice alleged that MPC established a maximum operating pressure (MOP) of 225 psig for the pipeline, but the system included two filters that were only rated for 150 psig.

Respondent did not contest the allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.406(a)(2) by operating its pipeline at a pressure that exceeded the design pressure of a pipeline component.

Item 4: The Notice alleged that Respondent violated 49 C.F.R. § 195.406(b), which states:

§ 195.406 Maximum operating pressure.

(a) . . .

(b) No operator may permit the pressure in a pipeline during surges or other variations from normal operations to exceed 110 percent of the operating pressure limit established under paragraph (a) of this section. Each operator must provide adequate controls and protective equipment to control the pressure within this limit.

The Notice alleged that Respondent violated 49 C.F.R. § 195.406(b) by failing to provide adequate controls to control pressure within the pipeline's maximum operating pressure limit. Specifically, the Notice alleged that MPC did not install an over-pressure protection device downstream of the custody transfer from Plantation Pipeline or otherwise ensure overpressure protection for the MPC piping.

Respondent did not contest the allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.406(b) by failing to provide adequate controls to control pressure within the pipeline's maximum operating pressure limit.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 3 and 4 in the Notice for violations of 49 C.F.R. § 195.406(a) and (b), respectively. 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 indicates that Respondent has taken the following actions specified in the proposed compliance order:

1. With respect to the violation of § 195.406(a) (**Item 3**), Respondent has revised its MOP for the piping receiving fuel from Plantation Pipeline to 150 psig, which does not exceed the design pressure of any pipeline component.
2. With respect to the violation of § 195.406(b) (**Item 4**), Respondent has developed and implemented a plan to monitor product receipt pressures from Plantation Pipeline and provide for shut-down and remedial action if the pressures should ever exceed 125 psig.

Accordingly, I find that compliance has been achieved with respect to these violations. Therefore, the compliance terms proposed in the Notice are not included in this Order.

WARNING ITEMS

With respect to Items 1, 2, 5, and 6, the Notice alleged probable violations of Part 195 but did not propose a civil penalty or compliance order for these items. Therefore, these are considered to be warning items. The warnings were for:

49 C.F.R. § 195.410(a) (**Item 1**) — Respondent's alleged failure to place and maintain a sufficient number of line markers along the pipeline so that its location was accurately known;

49 C.F.R. § 195.402(a) (**Item 2**) — Respondent's alleged failure to have written procedures for identifying, maintaining, and operating the tank at the MPC Bulk Storage Facility as a regulated breakout tank;

49 C.F.R. § 195.406(b) (**Item 5**) — Respondent’s alleged failure to set the high-pressure Mercoid switch downstream of the booster pumps to ensure that pressures could not exceed 110% of MOP during a surge; and

49 C.F.R. § 195.404(a)(1) (**Item 6**) — Respondent’s alleged failure to maintain current maps and records identifying all portions of its pipeline facilities subject to the Part 195 regulations.

PTMC presented information in its Response showing that MPC had taken certain actions to address these cited items. If OPS finds a violation of any of these items in a subsequent inspection, Respondent may be subject to future enforcement action.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued