

## WARNING LETTER

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 15, 2018

Mr. Fred Boutin  
Chief Executive Officer  
TransMontaigne Operating Company, L.P  
1670 Broadway Street, Suite 3100  
Denver, CO 80202

**CPF 2-2018-6005W**

Dear Mr. Boutin:

Between August 6 and September 13, 2018, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) inspected TransMontaigne Operating Company, L.P. (TransMontaigne) procedures and records in its Collins, Mississippi and Roswell, Georgia offices and its pipeline facilities in and around Collins, Mississippi, pursuant to Chapter 601 of 49 United States Code.

As a result of the inspection, it is alleged that TransMontaigne has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

1. **§195.228 Welds and welding inspection: Standards of acceptability**
  - (a) ....
  - (b) **The acceptability of a weld is determined according to the standards in section 9 or Appendix A of API Std 1104 (incorporated by reference, see §195.3). Appendix A of API Std 1104 may not be used to accept cracks.**

TransMontaigne failed to comply with the regulation because it did not determine the acceptability of welds according to the standards in section 9 or Appendix A of the incorporated by reference (IBR) edition of API Standard 1104.

PHMSA's review of weld inspection records showed that, on or about April 18, 2018, the acceptability of 15 welds was determined according to the 21<sup>st</sup> edition of API Standard 1104. Per §195.3, the 20<sup>th</sup> edition of API Standard 1104 IBR at the time of the determinations.

Subsequent to PHMSA's inspection, TransMontaigne provided an analysis demonstrating that all welds determined acceptable per the 21<sup>st</sup> edition of API Standard 1104 also met the acceptability standards in the 20<sup>th</sup> edition.

**2. §195.222 Welders and welding operators: Qualification of welders and welding operators.**

**(a) Each welder or welding operator must be qualified in accordance with section 6, section 12, Appendix A or Appendix B of API Std 1104 (incorporated by reference, see §195.3), or section IX of the ASME Boiler and Pressure Vessel Code (ASME BPVC), (incorporated by reference, see §195.3) except that a welder or welding operator qualified under an earlier edition than listed in §195.3, may weld but may not requalify under that earlier edition.**

TransMontaigne failed to comply with the regulation because it did not qualify each welder in accordance with section 6, section 12, Appendix A or Appendix B of API Standard 1104 (incorporated by reference, *see* §195.3).

PHMSA's review of TransMontaigne welder performance qualification (WPQ) records identified two WPQs, performed on or about April 11, 2018, where destructive test results were "per API 1104 Latest Approved Edition." Per §195.3, the 20<sup>th</sup> edition of API Standard 1104 was IBR when the WPQ testing was performed. The two WPQ records did not provide sufficient detail to determine whether the welders were qualified under the 20<sup>th</sup> edition of API Standard 1104.

**3. §195.589 What corrosion control information do I have to maintain.**

**(a) ....**

**(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 related 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.**

TransMontaigne failed to comply with the regulation because it did not 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. Specifically, TransMontaigne did not maintain atmospheric corrosion control monitoring records in sufficient detail to demonstrate that it had inspected

each onshore portion of its pipeline exposed to atmospheric corrosion at least once every 3 calendar years not exceeding 39 months, as required by §195.583.

During PHMSA's review of atmospheric corrosion control monitoring records for calendar years 2015 to 2018, PHMSA inspectors could not clearly identify the specific portions of pipeline exposed to the atmosphere subject to each recorded inspection. TransMontaigne revised its pipeline segment identifiers between 2015 and 2018. Consequently, neither PHMSA nor TransMontaigne personnel could correlate the two record sets to confirm that all facilities subject to atmospheric corrosion were inspected at the required intervals.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, TransMontaigne is subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists, up to a maximum of \$2,090,022 for a related series of violations. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the items identified in this letter. Failure to do so will result in TransMontaigne being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 2-2018-6005W**. 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).

Sincerely,

James Urisko  
Director, Office of Pipeline Safety  
PHMSA Southern Region