



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

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

JAN - 3 2006

Mr. L. Leroy Anderson
Vice President, Regulatory Affairs
Kaneb Pipe Line Operating Partnership, L.P.
7340 West 21st Street North, Suite 200
Wichita, KS 67205

Re: CPF No. 3-2003-5010

Dear Mr. Anderson:

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 specifies actions to be taken to comply with the pipeline safety regulations. When the terms of the Compliance Order are completed, as determined by the Director, Central Region, OPS, this enforcement action will be closed. Your receipt of this 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: Mr. Ivan Huntoon
Director, Central Region, OPS

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

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

In the Matter of)	
)	
Kaneb Pipe Line)	CPF No. 3-2003-5010
Operating Partnership, L.P.,)	
)	
Respondent.)	
)	

FINAL ORDER

On June 4-8, July 16-20, July 30-August 3, and December 10-14, 2001, pursuant to 49 U.S.C. § 60117, representatives of the Central Region, Pipeline and Hazardous Materials Safety Administration (PHMSA) conducted an on-site pipeline safety inspection of Respondent's facilities and records in Kansas, South Dakota, Iowa, and Nebraska. As a result of the inspection, the Director, Central Region, PHMSA, issued to Respondent, by letter dated March 13, 2003, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had committed violations of 49 C.F.R. Part 195 and proposed that Respondent take certain measures to correct the alleged violations.

Respondent responded to the Notice by letter dated April 14, 2003 (Response). Respondent did not contest the allegations of violation, but provided information concerning the corrective actions it has taken in response to the Notice. Respondent did not request a hearing, and therefore has waived its right to one.

FINDING OF VIOLATION

Item 4 in the Notice alleged that Respondent violated 49 C.F.R. § 195.436 by failing to adequately protect all exposed facilities along its pipeline system from vandalism and unauthorized entry. In its Response, Respondent did not contest this alleged violation. Accordingly, I find that Respondent violated § 195.436 by failing to adequately protect all exposed facilities along its pipeline system from vandalism and unauthorized entry.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

The Notice proposed a Compliance Order with respect to Item 4 in the Notice. 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. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. Review the security fencing at each pump station and breakout tank in the pipeline system to determine which facilities require additional fencing;
2. Within 60 days following receipt of this Order, submit to the Director, Central Region, PHMSA, a general plan and proposed schedule for fencing each facility lacking adequate security fencing; and
3. Within 1 year following receipt of this Order, complete all necessary fencing for the system and submit records documenting completion of these actions to the Director, Central Region, Office of Pipeline Safety, 901 Locust Street, Suite 462, Kansas City, Missouri, 64106-2641.

The Regional Director may extend the period for complying with any of the required items if the Respondent requests an extension in writing and adequately justifies the reasons for the extension.

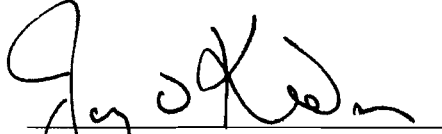
WARNING ITEMS

The Notice did not propose a civil penalty or compliance order for Items 1, 2, and 3 in the Notice. Therefore, these are considered warning items. The warnings were for Respondent's failure to maintain records of responses to abnormal operating conditions involving pumps that were shut down by overpressure protection devices in accordance with § 195.404(b); failure to ensure that the cathodic protection for the Philipsburg station area met the applicable criteria in accordance with § 195.414; and failure to include valves on branch lines to pump stations as mainline valves subject to inspection in accordance with § 195.420(b). Respondent is warned that if these items are not fully addressed, enforcement action will be taken if a subsequent inspection reveals a violation.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a petition for reconsideration of this Final Order. Should Respondent elect to do so, the petition must be received within 20 days of Respondent's receipt of this Order and must contain a brief statement of the issue(s). The terms of this Order, including any required corrective action, remain in full effect unless the Associate Administrator, upon written request, grants a stay.

Failure to comply with this Final Order may result in the assessment of civil penalties of up to

\$100,000 per violation per day, or in the referral of the case for judicial enforcement. The terms and conditions of this Final Order are effective on receipt.



for
Stacey Gerard
Associate Administrator
for Pipeline Safety

JAN - 3 2006

Date Issued