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May 15, 2007

Ms. Linda Daugherty
Director, Southern Region
OFFICE OF PIPELINE SAFETY
U.S. Department of Transportation
233 Peachtree Street, N.E., Suite 600
Atlanta, GA 30303

RE: KEY WEST PIPELINE COMPANY
CPF No. 2-2007-6008M, NOTICE OF AMENDMENT

Dear Linda:

This will acknowledge receipt of your letter dated April 19, 2007, setting forth required amendments to the Key West Pipeline Company ("KWPC") Standard Operating Procedures and Maintenance Manual for Jet Fuel Pipeline Operations (the "O&M Manual"). In response to your letter, enclosed is one (1) copy of the revised and updated (text only) O&M Manual for the KWPC terminal facility located in Key West, Florida. The text of the O&M Manual has been updated and revised to insure continued compliance with Title 49, Code of Federal Regulations ("CFR"), Parts 195.222, 195.559, and 195.559.

The material modifications to the text of the O&M Manual include the following: (1) updating Section XI of the O&M Manual to clarify KWPC's coating requirements for above ground and below ground pipelines and components; (2) revising Section XI of the O&M Manual to incorporate the 49 CFR 195.583 requirements for conducting atmospheric corrosion inspections; and (3) revising Section XVIII of the O&M Manual to incorporate the requirements of Amdt. 195-81, which adopted the 19th edition of API 1104.

In accordance with 49 CFR 190.237, the enclosed revised and updated O&M Manual is being submitted to your office within thirty (30) days of receipt of your letter, dated April 19, 2007. Once approved by the Office of Pipeline Safety, the May 15, 2007 O&M Manual text will replace, in its entirety, the O&M Manual (text only) currently on file for the KWPC Facility. The Figures and Attachments to the current O&M Manual remain in effect.

Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact me. With kindest regards, I am

Very truly yours,

AKERMAN SENTERFITT

William L. Pence

Enclosure
cc: Mr. Mark S. Rauch (w/enclosure)
Mr. Vic Maly (w/enclosure)

KEY WEST PIPELINE COMPANY

STANDARD OPERATING PROCEDURES
AND
MAINTENANCE MANUAL
FOR
JET FUEL PIPELINE OPERATIONS

THIS MANUAL OF WRITTEN PROCEDURES COVERS THE NORMAL OPERATIONS AND MAINTENANCE ACTIVITIES, ABNORMAL OPERATIONS AND EMERGENCIES, AND GENERAL REPORTING PROCEDURES FOR THE KEY WEST PIPELINE COMPANY (KWPC) JP-5 JET FUEL PIPELINE RUNNING FROM THE KWPC BULK STORAGE AND TRANSFER FACILITY, TRUMBO POINT NAVAL ANNEX, KEY WEST, FLORIDA, TO NAVAL AIR STATION-KEY WEST, BOCA CHICA, FLORIDA. ONE COPY OF THIS MANUAL IS KEPT AT THE TERMINAL FACILITY'S OFFICE AND ONE COPY IS KEPT AT THE MAIN OFFICE IN HOUSTON, TEXAS.

Most Recent Revision May 15, 2007

KEY WEST PIPELINE COMPANY

STANDARD OPERATING PROCEDURES AND MAINTENANCE MANUAL
FOR
JET FUEL PIPELINE OPERATIONS
INDEX

FIGURES

ATTACHMENTS

RECORD OF REVIEW

DATE REVIEWED	MANUAL SECTION(S) AMENDED
July 11 1996	Initial Submittal
Nov 13 1997	Article IX (Line Markers and Right of Way Inspection) Article XII (Valve Maintenance) Article XIV (Overpressure Safety Devices)
August 20 1998	No changes made to Manual
July 15 1999	No changes made to Manual
July 12 2000	No changes made to Manual
July 12 2001	Index Record of Review Article I (Introduction) Article VIII (Communications) Article X (Cathodic Protection) Article XV (Signs) Article XVII (Smoking or Open Flame) Article XVIII (Welding) Article XIX (Damage Prevention Program) Article XXI (Operator Qualification Plan) Figure 2 (KWPC Facility) Attachment 1 (Emergency Response Action Plan - Core Plan) Attachment 2 (Welding Procedure Qualification; Welder Qualification) Attachment 5 (Operator Qualification Plan)
August 27 2002	No changes made to Manual
Sept 10 2003	No changes made to Manual
May 7, 2004	Record of Review Article I (Introduction) Article II (Maintenance and Normal Operations) Article III (Reporting Accidents and Safety-Related Conditions) Article IV (Abnormal Operation) Article VIII (Communications) Article IX (Line Markers and Right-of-Way Inspection) Article X (Cathodic Protection) Article XIV (Overpressure Safety Devices) Article XV (Signs) Attachment 1 (Emergency Response Action Plan - Core Plan) Attachment 3 (Key West Anti-Drug Plan)

DATE REVIEWED	MANUAL SECTION(S) AMENDED
December 12, 2005	Index Record of Review Article II (Maintenance and Normal Operations Article III (Reporting Accidents and Safety-Related Conditions) Article IV (Abnormal Operation) Article VI (Training) Article XI (Corrosion Control) Article XV (Signs) Article XIX (Damage Prevention Program) Article XXII (Repairs to Pipeline System) Article XXIII (Scraper and Sphere Facilities) Article XXIV (Underwater Inspection and Reburial of Pipelines in the Gulf of Mexico and its Inlets) Attachment 3 (Public Awareness Plan) Attachment 4(Anti-Drug Plan) (Cover Page Only) Attachment 5 (Alcohol Misuse Prevention Plan) (Cover Page Only) Attachment 6 (PTM Pipeline Operator Qualification Plan)
July 26, 2006	No changes made to Manual
May 15, 2007	Article XI (Corrosion Control) Article XVIII (Welding)

KEY WEST PIPELINE COMPANY

STANDARD OPERATING PROCEDURES AND MAINTENANCE MANUAL FOR JET FUEL PIPELINE OPERATIONS

I. INTRODUCTION

A. KWPC owns and operates one (1) four-inch (4") transfer petroleum pipeline that runs from the KWPC Bulk Storage and Transfer Facility ("KWPC Facility"), Trumbo Point Naval Annex, Key West, Florida, to the Navy's bulk fuel storage facility located at Naval Air Station-Key West, Boca Chica, Florida, a distance of approximately 7.1 miles. The type of pipe is identified as "seamless black steel line pipe X-Trucoat (4")." In addition, KWPC owns and operates two (2) twelve-inch (12") underground petroleum pipelines that run from Pier D-2, approximately one thousand feet (1000') west of the KWPC Facility, to KWPC's three (3) bulk storage tanks located at the KWPC Facility.

B. A diagram showing the general location of the pipelines is attached as Figure 1. Portions of the pipelines that are underground are depicted in yellow on Figure 1 and portions that are underwater are depicted in blue. The KWPC Facility is shown in the attached Figure 2.

C. This Manual is intended to provide written procedures for conducting normal operations and maintenance activities and for handling abnormal operations and emergencies, as otherwise required by 49 CFR §195.402.

D. The KWPC pipelines became subject to the full requirements of 49 CFR Part 195 on July 12, 1996, pursuant to 49 CFR § 195.1(c).

E. This Manual will be reviewed at intervals not exceeding fifteen (15) months, but at least once each calendar year, and appropriate changes will be made as necessary to insure that this Manual is effective.

II. MAINTENANCE AND NORMAL OPERATIONS

A. Data relative to construction records, maps and operating history, as may be needed for reporting accidents, shall be maintained at the KWPC Facility office, Building D-19, Trumbo Point Annex, Naval Air Station-Key West, Key West, Florida. In the event additional data is needed, contact the main office in Houston, Texas (Mark Rauch, (713) 627-1700 (office), (713) 829-0065 (cell) or 713-622-8004).

B. The aboveground pipeline system at the KWPC Facility shall be visually inspected on a monthly basis to insure proper operating capability; preventative maintenance and repair shall be performed on an "as needed" basis and in accordance with applicable requirements.

C. Portions of the KWPC pipeline that are located in areas that would require an immediate response by KWPC to prevent hazards to the public if facilities failed or malfunctioned are highlighted in blue on Figure 1 and are described in bold print below. The KWPC Terminal Manager shall take immediate actions to prevent hazards to the public if the pipeline fails or malfunctions. If sufficient actions are not within the capability of the Terminal Manager, the Terminal Manager shall call upon additional assistance in accordance with KWPC's Facility Response Plan, a copy of which is maintained at the KWPC Facility. Any failure or malfunction is required to be analyzed to minimize the potential for recurrence.

A four-inch pipeline runs under water from Trumbo Point Naval Annex, Key West, Florida, to Junior College Road, Stock Island, Florida, and

from the west side of Boca Chica channel at U.S. Highway 1 to the block valve at KWPC's station on Boca Chica Key.

D. Each pipeline accident is required to be reported immediately by phone to the main office in Houston, Texas (Mark Rauch, (713) 627-1700 (office) or (713) 829-0065 (cell) or (713) 622-8004). Within ten (10) days of the occurrence of a pipeline accident, the KWPC Terminal Manager shall perform an investigation to determine the cause of the accident and shall submit a written report to the main office, Key West Pipeline Company, Attn: Mark Rauch, P.O. Box 270415, Houston, Texas 77277-0415, describing the results of the investigation and any applicable recommendation(s) to minimize the potential for recurrence. In the event expert assistance is needed to complete the investigation, the Terminal Manager shall submit a request for authority to the main office to retain appropriate professional assistance. To the extent necessary to complete the investigation, the main office shall authorize the Terminal Manager to retain such assistance. Additionally, reporting of accidents and safety-related conditions follows the procedures set forth in Section III below.

E. Starting up and shutting down any part of the KWPC pipeline system shall be conducted in a manner to assure operation within the limits specified below:

1. Except for surge pressures and other variations from normal operations, no employee shall operate the pipeline system at a pressure that exceeds the following:

   a. For 4" pipeline - 450 psi
   b. For two 12" pipelines - 100 psi
   c. The design pressure of any other component of the pipeline.

2. The internal design working pressures of the pipelines are:

   a. For 4" pipeline - 1443.84 psi
   b. For two 12" pipelines - 494.68 psi

   NOTE: The internal design working pressures of the pipelines are higher than the KWPC Maximum Operating Pressure, as stated above. The high pressure mercoid switches for the 4" transfer pipeline are set at 450 psi. KWPC terminal personnel shall not allow the 4" pipeline to reach a specified pressure higher than 450 psi and shall not allow the 12" pipeline to reach a pressure higher than 100 psi.

IN THE EVENT THE PUMPING PRESSURE EXCEEDS THAT AS STATED HEREIN OR IN THE EVENT A MERCOID SWITCH CUTS OFF THE PUMPS, THEN IN EITHER OF THESE EVENTS, IT IS CONSIDERED TO BE "ABNORMAL," AND THE PROCEDURES SET FORTH HEREIN FOR ABNORMAL OPERATIONS SHALL BE FOLLOWED. THE MERCOID SWITCHES WILL BE CHECKED ANNUALLY TO ASSURE THEY FUNCTION PROPERLY.

3. During fuel transfer, KWPC terminal personnel shall hourly monitor pressure, temperature, flow and other appropriate operational data to detect abnormal operating conditions. If such conditions occur, pipeline operations shall be discontinued and an investigation made to determine the cause of the condition and the cause shall be remedied before pipeline operations are resumed. Operational shutdown may be effected by turning the main power switch, located in the main pump room, to the off position and closing the transfer valve, or activating one of the two (2) manual "kill switches," which have been installed at the KWPC Facility head office, and adjacent to the bulk storage tank No. 3 berm ladder proximate to the truck loading rack, respectively, and then closing the transfer valve.

F. Prior to abandoning of any pipeline facilities, including safe disconnection from an operating pipeline system, purging of combustibles, and sealing abandoned facilities left in place, all product shall be removed and the pipelines shall be sealed pursuant to applicable regulations and API standards.

G. KWPC terminal personnel shall minimize the likelihood of accidental ignition of vapors (if any) in the areas near the pipeline facilities identified in paragraph II.C above.

H. KWPC shall maintain liaison with fire, police and other appropriate public officials to learn the responsibility and resources of each governmental organization that may respond to a hazardous liquid pipeline emergency and acquaint the officials with KWPC's ability to respond to a hazardous liquid pipeline emergency and means of communication. The personnel of the Navy Fire Department visit the KWPC Facility annually and they are aware of all products in use at the KWPC Facility. KWPC terminal personnel shall visit with Navy Fire Department personnel and City of Key West Fire Department personnel on at least an annual basis to review emergency response issues.

I. KWPC's Terminal Manager shall periodically review the work done by KWPC's terminal personnel to determine the effectiveness of KWPC's procedures in normal operation and maintenance and in taking corrective action where deficiencies are found.

III. REPORTING ACCIDENTS AND SAFETY-RELATED CONDITIONS

A. Accident Report - As soon as practicable, but not later than thirty (30) days after discovery of the accident, an Accident Report shall be prepared and filed with the U.S. Department of Transportation (DOT) on DOT Form 7000-1 or a facsimile thereof. In the event of any changes or additions to the information submitted to DOT, KWPC shall file a supplemental report to DOT within thirty (30) days of discovery of such changes or additions.

1. The Accident Report shall be filed for each failure of the KWPC pipeline system in which there is a release of petroleum product resulting in any of the following:

   a. Explosion or fire not intentionally set by KWPC.
   b. Release of 5 gallons or more of petroleum product; except that no report is required for a release of less than 5 barrels (210 gallons) resulting from a pipeline maintenance activity if:

      (i) The release is otherwise not reportable under subparagraphs 1.a., c., d., or e. of this paragraph.
      (ii) The release is not one described in paragraph B.1.d. below.
      (iii) The release is confined to company property or pipeline right of way.
      (iv) The release is cleaned up promptly.

   c. Death of any person.
   d. Bodily harm to any person resulting in one or more of the following:

      (i) Loss of consciousness.
      (ii) Necessity to carry the person from the scene.
      (iii) Necessity for medical treatment.
      (iv) Disability which prevents the discharge of normal duties or the pursuit of normal activities beyond the day of the accident.

   e. Estimated property damage, including costs of cleanup and recovery, value of lost product, and damage to the property of KWPC or others, or both, exceeding $50,000.

B. **Telephone Notice of Certain Accidents** - At the earliest practicable moment following discovery of a release of petroleum product resulting in an event described in paragraph III.A. above, but no later than two (2) hours following such discovery, KWPC shall give telephonic notice to DOT of any failure that is described in paragraph III.B.1. below. Notification given under this section shall follow the format described in paragraph III.B.2. below.

1. Notification under this section shall be given of any failure that:

a. Caused a death or personal injury requiring hospitalization.
b. Resulted in either a fire or explosion not intentionally set by KWPC.
c. Caused estimated property damage including costs of cleanup and recovery, value of lost product, and damage to the property of KWPC or others, or both, exceeding $50,000.
d. Resulted in pollution of any stream, river, lake, reservoir, or other similar body of water that violated applicable water quality standards; caused a discoloration of the surface of the water or adjoining shoreline; or deposited a sludge or a mulch beneath the surface of the water or upon adjoining shorelines.
e. In the judgment of KWPC's Terminal Manager, was significant even though it did not meet the criteria of any other paragraph of this section.

2. Reports made under this section shall be made by telephone to the National Response Center, (800)424-8802, and must include the following information:

a. Name and address of the operator.
b. Name and telephone number of the reporter.
c. Location of the failure.
d. Time of the failure.
e. Fatalities and personal injuries, if any.
f. Other significant facts known by the operator that are relevant to the cause of failure or extent of the damages.

C. **Safety-Related Conditions Report** - Within five (5) working days (not including Saturdays, Sundays, or federal holidays) after the day a representative of KWPC determines that the condition exists, but no later than ten (10) working days after the day a representative of KWPC discovers the condition, a ***written report*** entitled "Safety-Related Condition Report" shall be filed with the DOT.

1. The following safety-related conditions involving the KWPC pipeline system require reporting, as provided herein:

a. General corrosion that has reduced the wall thickness to less than that required for the maximum operating pressure, and localized corrosion pitting to a degree where leakage might result.
b. Unintended movement or abnormal loading of a pipeline by environmental causes, such as an earthquake, landslide, or floor that impairs its serviceability.
c. Any material defect or physical damage that impairs the serviceability of a pipeline.
d. Any malfunction or operating error that causes the pressure of a pipeline to rise above 110 percent (110%) of its maximum operating pressure.
e. A leak in a pipeline that constitutes an emergency.
f. Any safety-related condition that could lead to an imminent hazard and causes (either directly or indirectly by remedial action of the operator), for purposes other than abandonment, a 20 percent (20%) or more reduction in operating pressure or shutdown of operation of a pipeline.

2. The "Safety-Related Condition Report" must include the following information:

a. Name and principal address of operator.
b. Date of report.
c. Name, job title, and business telephone number of person submitting the report.
d. Name, job title, and business telephone number of person who determined that the condition exists.
e. Date condition was discovered and date condition was first determined to exist.

f. Location of condition, with reference to the state (and town, city, or county) or offshore site and, as appropriate, nearest street address, offshore platform, survey station number, milepost, landmark, or name of pipeline.

g. Description of the condition, including circumstances leading to its discovery, any significant effects of the condition on safety, and the name of the commodity transported or stored.

h. The corrective action taken (including reduction of pressure or shutdown) before the report is submitted and the planned follow-up or future corrective action, including the anticipated schedule for starting and concluding such action.

D. Each written report required to be submitted to DOT as described above shall be made to the Information Resources Manager, Office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, U.S. Department of Transportation, Room 2335, 400 Seventh Street, S.W., Washington, DC 20590.

E. In addition to the notification procedures described above, notification of releases of petroleum product from the KWPC pipeline system shall also comply with the provisions of the KWPC Facility Response Plan. A copy of the KWPC Facility Emergency Response Action Plan, Core Plan, is set forth in Attachment 1 hereto.

IV. ABNORMAL OPERATION

A. This section provides procedures which are followed in the event of any abnormal operations. The procedures include: responding to, investigating, correcting, and providing notification of an abnormal operation as well as reviewing response procedures to determine the effectiveness of the procedures at controlling abnormal operation. Abnormal operations for which procedures have been developed include:

1. Unintended closure of valves or shutdowns.
2. Increase or decrease in pressure or flow rate outside normal operating limits.
3. Loss of communications.
4. Operation of mercoid switch (or any other safety device).
5. Any malfunction of a component, deviation from normal operation, or terminal personnel error which causes a hazard to persons or property.

Procedures to be implemented for abnormal operation with respect to items 1, 2, 4, and 5 are detailed in Subsection B below and procedures to be implemented for abnormal operation with respect to item 3 are detailed in Subsection C below.

B. Procedures to be implemented for abnormal operation with respect to unintended closure of valves or shutdowns, increase or decrease in pressure or flow rate outside normal operating limits, operation of mercoid switch (or any other safety device), and any malfunction of a component, deviation from normal operation, or terminal personnel error which causes a hazard to persons or property.

1. Unintended closure of valves or shutdowns -- If an unintended valve is closed, pressure in the pipeline would build and once the pressure in the pipeline reaches 450 pounds per square inch (psi), mercoid switches cut power to the transfer pumps.

2. Increase or decrease in pressure or flow rate outside normal operating limits -- If the pressure in the pipeline reaches 450 psi, a mercoid switch cuts power to the transfer pumps. In addition, fuel transfers from KWPC to KWNAS Boca Chica are conducted with real time monitoring. Readings from a meter at the KWPC Facility are electronically compared to readings from a meter at Boca Chica. If a discrepancy of four (4) gallons occurs in the meter readings, a light and audible alarm is activated at the KWPC Facility. If a discrepancy of eight (8) gallons occurs in the meter readings, a light and audible alarm is activated at the KWPC Facility and the power

to the transfer pumps is manually turned to the off position. A pressure gauge at the KWPC Facility is also monitored during fuel transfers.

3. Operation of mercoid switch (or any other safety device) -- The only safety device currently used on the pipeline is a mercoid switch which cuts off power to the transfer pumps when the pressure in the pipeline exceeds 450 psi.

4. Response to abnormal operation -- In the event of the occurrence of any of the abnormal operations set forth in 1 - 3 above, or in the event of any malfunction of a component, deviation from normal operation, or terminal personnel error which causes a hazard to persons or property, the following procedures are implemented. Malfunctions and deviations may include, but are not limited to, power outages and lighting strikes.

   a. Response:
   The main power switch to the transfer pumps is turned to the off position, or one of the manual "kill switches" is activated, and the transfer valve is closed. KWNAS personnel at Boca Chica receiving the fuel are contacted via telephone.

   b. Investigation:
   If the system was not shut down due to abnormal operating pressure, activation of mercoid switch, or any other problem apparent to the KWPC terminal operator, KWNAS personnel at Boca Chica receiving the fuel are asked if they took any actions or know of any conditions that caused an unintended valve closure or the system shutdown. If KWNAS personnel know specific information relating to unintended valve closure or system shutdown, that specific information is visually confirmed. If KWNAS personnel do not know, then a visual inspection of the pipeline and transfer equipment is made beginning at the ASTs and continuing along the pipeline all the way to KWNAS receiving tanks. Specific equipment inspected include the manifold, valves, and transfer pumps at KWPC Facility; block valve on Stock Island; block valve on Boca Chica; the filter station at Boca Chica, and the valve room at Boca Chica. If no abnormal mechanical conditions are observed of the transfer equipment, then an electrician is called to inspect and test transfer and safety equipment circuitry and power. If no abnormal transfer equipment circuitry and power exist, then obstructions inside the pipeline are investigated with the use of a pig or similar device.

   c. Correction:
   If an unintended valve is closed, that valve is opened and secured once the reason for the unintended closing has been determined and adequate measures have been implemented to prevent the unintended closing from reoccurring. If the shutdown occurred for other reasons immediately known to the KWPC Terminal Manager or determined through the implementation of the investigation procedures outlined above, repairs are made of the faulty transfer equipment including any required component testing prior to beginning transfers and checking system operation.

   d. Check:
   Once abnormal operating conditions are corrected, transfers may resume, however; more frequent system checks are made during the first hour of transfer, approximately every 15 minutes, to ensure proper system operation. Additional terminal personnel may also be used, if necessary, to observe the repaired portion of the transfer system during the initial hour of transfer to ensure system integrity.

e. Notification:
In the event of any abnormal operation situations itemized above, terminal personnel are to immediately report the occurrence to Mr. Mark Rauch in the Houston office (713) 627-1700 (office) or (713) 829-0065 (cell) or (713) 622-8004. The Terminal Manager shall mail a written report of the incident to Mr. Mark Rauch within twenty-four hours from the time of the incident. The report shall include a description of the response, investigation, corrections, and checking procedures detailed above.

C. Procedures to be implemented for loss of communications -- Communications during transfer are made by KWNAS receiving personnel contacting KWPC terminal personnel every hour at the top of the hour via land-based telephone. If the KWNAS receiving personnel fail to make contact by 5 minutes past the hour, KWPC terminal personnel call the KWNAS receiving personnel. If the land base telephone is inactive, contact is attempted via a cellular telephone. In the event KWPC terminal personnel cannot contact KWNAS receiving personnel, the following procedures are implemented.

1. Response:
The main power switch to the transfer pumps is turned to the off position, or one of the manual "kill switches" are activated, and the transfer valve is closed.

2. Investigation:
KWPC terminal personnel may repeatedly try to contact KWNAS receiving personnel via telephone. If no contact is made, KWPC terminal personnel will inspect their own communications equipment for damage, make inquiries to the local telephone service company, and may travel to KWNAS to determine if a problem exists with KWNAS communications.

3. Correction:
If the problem exists with KWPC's communication equipment the equipment will be serviced or replaced.

4. Check:
Once communications are restored, communications will be tested by contacting KWNAS receiving personnel prior to resuming fuel transfer.

5. Notification:
In the event of any abnormal operation situations itemized above, KWPC terminal personnel are to immediately report the occurrence to Mark Rauch in the Houston office) (713) 627-1700 (office) or (713) 829-0065 (cell) or (713) 622-8004. The Terminal Manager shall mail a written report of the incident to Mark Rauch within twenty-four hours from the time of the incident. The report shall include a description of the response, investigation, corrections, and checking procedures detailed above.

D. Periodic review of the response procedures detailed above are conducted by KWPC terminal personnel to determine the effectiveness of the procedures at controlling abnormal operating procedures.

V. EMERGENCIES

A. Terminal Manager and KWPC terminal personnel shall be knowledgeable with respect to the KWPC SPCC Plan, the Facility Response Plan, the JP-5 Receipt & Transfer Facility Operations Manual, and this Standard Operating Procedures and Maintenance Manual for Jet Fuel Pipeline Operations.

B. The Terminal Manager shall make it a priority to analyze any event which demands immediate response by KWPC to fire, police or other appropriate public offices and communicate this information to appropriate KWPC terminal personnel for corrective action.

After receiving, identifying and classifying notices of any such event, Terminal Manager shall immediately thereafter notify KWPC Houston office.

C. KWPC terminal personnel shall give prompt and effective response to a notice of each type of emergency, including fire or explosion occurring near or directly involving the pipeline system, accidental release of petroleum product from the pipeline system, operational failure causing a hazardous condition, and natural disaster affecting the pipeline system. Personnel, equipment, instruments, tools, and material will be on the scene on an "as needed" basis in the event of an emergency. Taking necessary actions, minimizing the volume of petroleum product that is released, control of released petroleum product, minimization of public exposure to injury and notification to fire, police and other appropriate officials are required to be handled pursuant to KWPC Facility Response Plan.

D. In the event an accident occurs, procedures in this Manual and KWPC's Facility Response Plan shall be followed. As soon as reasonably possible, KWPC shall hold a post accident review of employee activities to determine whether the procedures were effective in each emergency and taking corrective action where deficiencies are found.

E. Necessary action shall be taken to minimize the volume of petroleum product that is released from any section of the pipeline system in the event of an accident. Released petroleum product at an accident scene should, to the extent it is possible, be controlled to minimize the hazard, including possible intentional ignition. To minimize public exposure to injury and the probability of accidental ignition, KWPC shall assist with the evacuation of residents and with traffic control on roads in the affected area, and shall take other appropriate action in accordance with this Manual and the Facility Response Plan.

VI. TRAINING

A. KWPC conducts a continuous training program to instruct terminal operating and maintenance personnel to carry out procedures outlined herewith. A log is maintained within the Hazardous Communication Program Manual reflecting ongoing training given to KWPC's terminal personnel. The Terminal Manager and terminal personnel have had at least 24-hour hazardous waste operations and emergency response training in accordance with 29 CFR Part 1910.120, which are updated annually by refresher training.

B. Under the Hazardous Communication Program, terminal personnel are trained relative to the characteristics and hazards of all products transported via the pipeline system. In addition to an on-site training program conducted by the Terminal Manager, the Terminal Manager attends the annual safety meeting where safety and environmental regulations are the primary topics, and a seminar is conducted relative to environmental regulations where guest speakers give presentations. Safety films are routinely seen and discussed, and conditions which are likely to cause emergencies and steps necessary to respond to emergency situations are discussed and evaluated.

C. At intervals not exceeding fifteen months (but at least once each calendar year) KWPC Terminal Manager reviews with terminal personnel their performance in meeting the objectives of the training program. The purpose of the meeting is to evaluate the effectiveness of the training program and to incorporate any changes that may be warranted.

VII. MAPS AND RECORDS

A. KWPC Terminal Manager shall maintain at the KWPC Facility office, current maps and records of the pipeline system that include the following:

1. Location and identification of:

   a. Tanks.
   b. Pumps.
   c. Pipeline valves.
   d. Cathodically protected facilities.

e. Rights-of-way and all crossings of public roads, buried utilities and foreign pipelines.
f. Maximum operating pressure of each pipeline.
g. Diameter, grade, type and nominal wall thickness of all pipes.

2. Daily operating records that indicate the discharge pressure at each pump station and any emergency or abnormal operation that has occurred.

B. Daily operating records that indicate the discharge pressure at each pump station and any emergency or abnormal operation that has occurred shall be maintained for at least three (3) years.

C. Records shall be maintained for the useful life of the pipes, specifying the date, location, and description of each repair made to the pipeline system.

D. Records specifying dates, locations and descriptions of each repair made to parts of the pipeline system other than pipes shall be maintained for at least one (1) year.

E. A record of each inspection and test required by any governmental regulation shall be kept for at least two (2) years.

VIII. COMMUNICATIONS

A. KWPC shall maintain a communication system for transmission of information for safe operation when receiving petroleum product from tankers. This communication system is accomplished by a base station at the KWPC office and two (2) hand held radios. The specifications of the hand held radios are as follows: RADIUS GP-300, HANDI-TALKIE RADIOS MADE BY MOTOROLA (INTRINSICALLY SAFE RATING BY U.S. COAST GUARD FOR USE IN CLASS I SERVICE). Mobile phone communication is also available for transmission of information for safe operation when receiving petroleum product from tankers. The mobile phones used are Motorola Model R750+. They are also intrinsically safe.

B. When NAS Boca Chica desires to receive fuel they call KWPC and make such a request. KWPC prepares their manifolding for shipment of product and waits for a call from NAS Boca Chica for shipment to begin. Every hour NAS Boca Chica calls KWPC to exchange information relative to the shipment of product. These communications are made by telephone.

C. In the event that the communication system is not functioning during transfer of product, shipment shall be discontinued until a communication system is re-established.

IX. LINE MARKERS AND RIGHT-OF-WAY INSPECTION

A. Line markers shall be placed and maintained over the buried pipelines at each public road crossing and a sufficient number along the remainder of the buried pipelines to provide that their locations are accurately known. The markers state "WARNING Buried Petroleum Pipeline KWPC (305)294-4812". Letters are at least one-inch (1") high, red letters on white background.

B. KWPC, at intervals not exceeding three weeks, but at least twenty-six (26) times each calendar year, shall inspect the surface condition of the pipeline right-of-way.

X. CATHODIC PROTECTION

A. The KWPC pipelines are cathodically protected.

B. In connection with the maintenance of the cathodic protection, KWPC shall:

1. At intervals not exceeding 2½ months, but at least six (6) times each calendar year, inspect each of its cathodic protection rectifiers. Pipe-to-soil potentials are read from rectifier outputs. The minimum protective level criteria is -0.85 volts referred to a copper sulfate reference electrode. KWPC terminal personnel are trained in measuring pipe-to-soil potentials and send all field data to a qualified professional cathodic protection firm for review. In addition, a professional cathodic protection firm conducts cathodic protection surveys at least once each calendar year, but with intervals not exceeding 15 months, and checks all pipeline casings. If a shorted casing exists, the casing ends would be excavated and the short cleared or if it cannot be cleared, then the annulus between the pipeline and the casing would be pumped full of a dielectric gel and the casing sealed so no corrosion on the pipeline inside the casing could occur. If active corrosion is found, the operator will continue to investigate to determine the extent of the corrosion.

2. Inspect any buried pipe that is dug up to assure that the coating has not been damaged, and if the coating is damaged, properly replace the coating to assure continued cathodic protection is maintained.

3. Inspect, whenever it can be reasonably accomplished, all piping in the system and in the event pipe is badly pitted, replace the pipe.

4. Clean, coat with material suitable for the prevention of atmospheric corrosion and maintain this protection for any pipe that is exposed to the atmosphere.

XI. CORROSION CONTROL

A. KWPC shall inspect each portion of the pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion at least once every three (3) calendar years, but with intervals not exceeding thrity-nine (39) months.

B. When inspecting the above ground pipeline for atmospheric corrosion, KWPC shall give particular attention to pipe at:

1. Soil-to-air interfaces,

2. Under thermal insulation,

3. Under disbonded coatings,

4. At pipe supports,

5. In splash zones,

6. At deck penetrations, and

7. In spans over water.

C. Whenever any pipe is removed from the pipeline system for any reason, the internal surface of the pipe shall be inspected for evidence of corrosion.

D. In the event internal corrosion is evident, the pipe shall be analyzed by a registered pipeline engineer to determine whether it should be replaced.

E. In the event atmospheric or other external corrosion is discovered on above ground piping that does not result in the remaining wall thickness becoming less than that required for the maximum operating pressure of the pipeline, the following corrective measures shall be implemented:

1. The surface of the above ground piping is wire brushed and wiped down with a clean rag to remove any surface impurities.

2. The bare surface of the above ground piping or component is then painted using the following 3 step process:

base coat: Sherwin Williams macropoxy 920 part nos.
part a: b58 t 101 part b: b58 v 10
5012-18705 5012-18713

second coat: Sherwin Williams macropoxy 646 part nos.
part a: b58 w 610 part b: b58 v 600
6401-74686 6401-73597

third coat: Sherwin Williams epolon ii part nos.
part a: b62 w 811 part b: b62 v 800
6405-16803 6401-19814

[The a part numbers stated above are the paints. The b part numbers are the hardeners, also called catalysts. The base coat requires approximately 4 hours drying time. The second and third coats require 24 hours drying time for each coat.]

F. In the event external corrosion is discovered on underground piping that does not result in the remaining wall thickness becoming less than that required for the maximum operating pressure of the pipeline, the following corrective measures shall be implemented:

1. The underground piping is exposed as necessary to repair the corrosion.

2. The surface of the underground piping is wire brushed and wiped down with a clean rag to remove any surface impurities.

3. The bare surface of the underground piping is then coated with Roskote Mastic A-51 Plus, distributed by Royston Laboratories, 128 First Street, Pittsburgh, PA 15328.

4. The Roskote Mastic A-51 Plus is allowed to dry for twenty four (24) hours before being returned to its initial covered position.

G In the event the above ground or underground pipe is so generally corroded that the remaining wall thickness is less than that required for the maximum operating pressure of the pipeline, the pipe shall be replaced, unless: (1) the maximum operating pressure is reduced commensurate with the strength of the pipe needed for serviceability based on actual remaining wall thickness; or (2) the pipe is repaired by a method that reliable engineering tests and analyses show can permanently restore the serviceability of the pipe.

H. In the event the above ground or underground pipe is discovered to have localized corrosion pitting to a degree that leakage might result, the pipe shall be repaired or replaced unless the maximum operating pressure is reduced commensurate with the strength of the pipe based on actual remain wall thickness in the pits.

I. The methods specified in 49 CFR 195.587 (the procedure in ASME B31G, "Manual for Determining the Remaining Strength of Corroded Pipelines," or the procedure developed by AGA/Battelle, "A Modified Criterion for Evaluating the Remaining Strength of Corroded Pipe (with RSTRENG disk)") shall be used to determine the strength of corroded pipe based on actual remaining wall thickness. The procedures set forth therein only apply to corroded regions that do not penetrate the pipe wall, subject to the limitations set out in the respective procedures.

XII. **VALVE MAINTENANCE**

A. At intervals not exceeding 7½ months, but at least twice each calendar year, KWPC shall inspect each mainline valve to determine that is functioning properly.

B. The terminal facility shall be kept locked at times when terminal personnel are not there.

XIII. **PIPE MOVEMENT**

No portion of the pipeline system shall be moved without first removing the product from the line.

XIV. **OVERPRESSURE SAFETY DEVICES**

A. Except as provided for in paragraph B below, KWPC shall, at intervals not exceeding 15 months, but at least once each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other items of pressure control equipment to ascertain that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

B. Each relief valve on each tank shall be tested at intervals not to exceed five (5) years.

XV. **SIGNS**

A. The KWPC Facility is located on a government installation at Trumbo Point Naval Annex, Key West, Florida.

B. A sign is placed at the pumping station with the following information:

Key West Pipeline Company
Victor Maly, Terminal Manager
(305) 294-4812 Office
(305) 522-0302 Mobile
(305) 294-0844 Fax

Vaughan Walker, Terminal Operator
(305) 294-4812 Office
(305) 872-9640 Home
(305) 522-0421 Mobile
(305) 294-0844 Fax

David Gonzalez, Terminal Operator
(305) 294-4812 Office
(305) 295-7635 Home
(305) 522-0252 Mobile
(305) 294-0844 Fax

XVI. **SECURITY OF FACILITY**

A. The KWPC Facility shall be locked when no terminal personnel are in attendance.

B. A security fence surrounds the KWPC Facility and it shall be kept closed when no terminal personnel are in attendance. The KWPC Facility is part of a restricted access U.S. Military Reservation and is regularly patrolled by reservation security.

XVII. **SMOKING OR OPEN FLAME**

No smoking or open flame of any type is allowed in the KWPC Facility, except in a specific designated area in the KWPC office building.

XVIII. **WELDING**

A. Pursuant to 49 CFR §195.214, KWPC has qualified two welding procedures, KWPL-1 and KWPL-2, sufficient to produce welds meeting the requirements of 49 CFR 195, Subpart D. The welding procedures have been destructively tested, and the qualifying test results and certification are attached hereto as Attachment 2. Welding procedure specimens, original documents and film are located at the Houston Texas office and at the KWPC Facility. Any welding performed on the KWPC pipeline system shall only be undertaken by welders who have been qualified in accordance with Section 6 of the API Standard 1104 or Section IX of the ASME Boiler & Pressure Vessel Code, except that a welder qualified under an earlier edition than listed in 49 CFR §195.3 may weld but may not re-qualify under that earlier edition.

B. Prior to engaging any welder to perform welding on the KWPC pipeline system, KWPC shall obtain contractual written assurances that the welder shall comply with each and every applicable requirement of 49 CFR §195, including, but not limited to, 49 CFR §§195.214 - 195.234, as provided below.

1. Per §195.214(a) welding will be performed in accordance with qualified welding procedures, and the procedures will be qualified by destructive testing per API Standard 1104. When a qualified welding procedure is not available, KWPC or its contractor will develop and qualify the procedure prior to production welding.

2. Per §195.214(b) each qualified welding procedure will be recorded in detail, including the results of the qualifying tests.

3. Per §195.216 miter joints are not allowed.

4. Per §195.226 arc burns will be repaired by completely removing the notch by grinding, or cutting out a cylinder of the pipe containing the entire notch if grinding reduces the remaining wall thickness to less than the tolerance in the specifications to which the pipe is manufactured.

5. Per §195.228(a) each weld and welding will be inspected to insure compliance, and visual inspection will be supplemented by nondestructive testing.

6. Per §195.228(b) the acceptability of a weld will be determined according to the standards in Section 9 of API Standard 1104.

7. Per §195.230 each weld that is unacceptable will be removed or repaired, and a weld with a crack more than eight percent (8%) of the weld length will be removed. For each weld that is repaired, its defect must be removed down to sound metal; and after the repair, the weld will be reinspected. For repairs of previously repaired areas, or cracks, the repair will be in accordance with a qualified written welding repair procedure.

8. Per §195.234 welding will be nondestructively tested by a process that will indicate any defects that may affect the integrity of the weld by trained terminal personnel in accordance with a written set of procedures for nondestructive testing.

C. Effective June 1996, welding shall only be performed on the KWPC pipeline system by welders that are subject to mandatory drug and alcohol testing by their employer under a drug and alcohol testing plan that otherwise meets the requirements of 49 CFR Part 199. A copy of the welder's drug and alcohol testing plan is required to be provided to KWPC prior to the performance of any welding on the KWPC pipeline system and the drug and alcohol

testing plan must be maintained in KWPC's records at the KWPC Facility, along with a written contractual representation from the welder that the welder is in compliance with the drug and alcohol testing plan.

D. A copy of all records generated by the welder during the performance of welding on the KWPC pipeline system are required to be provided to KWPC, which shall include, at a minimum, all records required to be maintained for welding under 49 CFR Part 195.

XIX. DAMAGE PREVENTION PROGRAM

A. PURPOSE

The purpose of this program shall be to minimize and, where possible, prevent damage to KWPC's JP-5 pipeline facilities from excavation activities. "Excavation activities" is meant to include excavation, blasting, or below ground boring, tunneling, backfilling, the removal of aboveground structures by either explosive or mechanical means, and other earth moving operations.

B. SCOPE

1. This program shall identify entities that are engaged in excavation activities and establish a means of notification to inform them of the program's purpose and procedure for learning the location of underground pipelines before excavation begins.

2. Excavators are persons involved in digging, boring, tunneling, backfilling, drilling, grinding, cable plowing, piledriving, removal of above ground structures, or other earth moving operations by use of hand tools, mechanical equipment, or by means of explosives.

3. Portions of this program will be accomplished by KWPC's participation in the "CALL SUNSHINE" one call notification center. However, it shall be the responsibility of KWPC's Terminal Manager to monitor the KWPC Notification Center's compliance according to the terms and conditions of this program.

C. IDENTIFICATION OF EXCAVATORS

1. The KWPC Terminal Manager shall develop a listing of entities or parties who are likely to engage in excavation activities in the vicinity of KWPC pipeline facilities. Each listing shall include the entity's or parties name, their complete mailing address. The listing shall be comprised of "CALL SUNSHINE" excavator listing, any excavator who has called KWPC for a pipeline location and any excavator known by the KWPC Terminal Manager to have recently done such work in the area of Key West and Boca Chica, Florida.

2. The excavator listings shall be reviewed and updated annually by the KWPC Terminal Manager and a revised current listing shall be forwarded to KWPC's main office in Houston, Texas no later than June 1st of each year. The revised listing will be used for direct notification by KWPC of its pipeline facilities in the Key West/Boca Chica, Florida area. Additions and deletions shall be made to the original listings as current information is received. As the listings will be used to facilitate direct mail notifications, mail returned marked "undeliverable" shall be used to purge the listings of inactive excavators.

D. NOTIFYING THE PUBLIC, EXCAVATORS AND CUSTOMERS

1. Pursuant to 49 CFR §195.440, KWPC has prepared and implemented the KWPC Public Awareness Plan (May 2005), a copy of which is set forth in Attachment 3 hereto. The objectives of the Public Awareness Program created by the Plan and implemented by KWPC are:

a. To educate the public how to recognize the odor of JP-5 jet fuel and how to respond if they detect possible JP-5 jet fuel odors. Early recognition of a JP-5 jet fuel odor and proper response can save lives.

b. To raise the awareness of the affected public and key stakeholders of the presence of KWPC's buried JP-5 jet fuel pipeline running from Key West to Boca Chica, Florida. A more informed public will also understand that they have a significant role in helping to prevent third-party damage accidents.

c. To help excavators understand the steps that they can take to prevent third party damage and respond properly if they cause damage to the KWPC pipeline.

d. To help emergency response agencies that may assist KWPC in an emergency understand the proper actions to take in response to a gas release or emergency

2. The Terminal Manager is responsible for the overall conduct of the Public Awareness Program.

3. Additional information and materials may be used from time to time to inform groups of excavators or groups who function to support excavators of the Damage Prevention Program.

E. FIELD LOCATION REQUEST INFORMATION

1. KWPC will make specific provisions for processing telephone and written inquiries requesting pipeline locations. Required information, which must be obtained and recorded when processing a pipeline location request in compliance with the laws of the State of Florida, shall include the name, address, and telephone number of the person making the request, the job site location and the date and time the request was made.

2. Every location request received will be acknowledged by KWPC. The acknowledgment will either confirm the presence or absence of pipeline facilities within the area specified by the requestor as the construction area. When KWPC facilities are present, they shall be located and marked in the field on an agreeable date or within forty-eight (48) working hours following receipt of the inquiry. The requestor shall also be advised of the type of temporary marking devices used at the date and time when the marking has been completed. Request acknowledgments will be made by telephone when possible; however, written acknowledgments can be utilized when deemed appropriate and necessary. Location requests received by telephone do not require an immediate response. However, acknowledgment of a request will be completed within forty-eight (48) working hours after receipt of the request.

3. Explicit and specific information pertaining to the characteristics of KWPC's pipeline will be provided by the KWPC Terminal Manager during field marking or when assisting excavators during a construction inspection, if requested. Meeting with the contractor on the job site is the preferred method of certifying and marking location of KWPC facilities.

F. FIELD LOCATING AND VERIFICATION OF PIPELINE FACILITIES

1. When KWPC facilities ARE NOT PRESENT, the requestor will be notified by telephone, personal contact, or written notification of the absence of pipeline facilities within his construction area. Records will be maintained of every notification and KWPC response, whether pipeline facilities exist or do not exist.

2. When KWPC facilities ARE CONFIRMED TO EXIST within the construction area, terminal personnel will locate and temporarily mark these facilities. Requestor, or his representative, will be notified of existence of KWPC facilities and the method used to mark their locations. Preferred method is to meet with the contractor to mutually verify the markings and answer any questions the contractor may have.

3. Temporary marking devices shall consist of flags, stakes, paint or other means suitable to identify the location of pipeline facilities in the field. Pipeline facilities will be marked in the color *yellow*, which signifies JP-5 Jet Fuel product.

4. The KWPC Terminal Manager will make appropriate notes on the field reports of Line Location Requests and copies sent to Mr. Mark Rauch in the Houston, Texas office. The following information shall be noted:

   a. KWPC facilities involved in work area (or NOT involved in work area).
   b. Record method used to temporarily marked KWPC pipeline.
   c. Record name of person shown location.
   d. Record time arrived and departed from job-site.
   e. Indicate need for additional field inspection.
   f. Signature of person completing initial field report and date it was completed.

G. CONTINUED AND PROLONGED JOB-SITE CONSTRUCTION ACTIVITIES

1. When there is a possibility that pipeline facilities in close proximity to excavation activities may be damaged, the facilities shall be inspected as frequently as appears necessary to ensure the continued integrity of the involved pipeline facilities. Terminal personnel will be assigned to all excavation locations when abnormal physical movement or abnormal loading due to the excavation activity appears probable and could possibly result in pipe failure or leakage. If KWPC terminal personnel witness any contractor utilizing a backhoe or any other such equipment near the KWPC pipeline, they shall endeavor to stop contractor's activity and report such action to the Houston office as quickly as reasonably possible.

2. Documentation of field inspections during and after completion of an excavation, and/or explosive detonation or other abnormal field conditions shall be recorded and documented on the field copy of the "CALL SUNSHINE" Line Locate form. The following information shall be noted on this report; times arrived-times left, whether additional inspection is needed, dates work took place, record name and signature of person writing report, record of status of construction and condition of JP-5 facilities inspected and record of exact site location that was inspected.

H. FINAL DISPOSITION OF COMPLETED "LINE LOCATION REQUEST APPLICATIONS"

Field copies of the "CALL SUNSHINE" Line Locate form shall be reviewed by the KWPC Terminal Manager and a copy forwarded to the Houston, Texas office. Copies of each such report shall be filed and retained at the KWPC office in Key West as well as in the office in Houston Texas. These copies shall be retained for a period of no less than three (3) years.

I. PIPELINE MARKERS

1. Pipeline markers will be placed and maintained wherever practical to identify the route of the JP-5 Jet Fuel line which will reduce the possibility of damage or interference. These markers will be reference points which may be used to specifically locate the pipeline in desired areas.

2. Each section of the KWPC Facility that is located above ground in an area accessible to the public will be marked with the KWPC's name and telephone number. Marking of facilities shall be accomplished by metal signs, line markers, plastic decals or other appropriate means.

3. The following shall be written legibly on each line marker:

a. The words **"Warning Buried Petroleum Pipeline"**, in letters at least one inch (1") high.

b. The name **KEY WEST PIPELINE CO.** and the telephone number (including area code) where the KWPC Terminal Manager (or someone designated by the KWPC Terminal Manager) can be reached at all times.

XX. ANTI-DRUG AND ALCOHOL MISUSE PREVENTION PLANS

A. KWPC has implemented an anti-drug plan to meet the requirements of 49 CFR Part 199. A copy of KWPC's Anti-Drug Plan is set forth in Attachment 4 hereto.

B. KWPC has implemented an alcohol misuse prevention plan to meet the requirements of 49 CFR Part 199. A copy of KWPC's Alcohol Misuse Prevention Plan is set forth in Attachment 5 hereto.

XXI. OPERATOR QUALIFICATION PLAN

A. KWPC has implemented an operator qualification plan to meet the requirements of 49 CFR Part 195, Subpart G. A copy of KWPC's Operator Qualification Plan is set forth in Attachment 6 hereto.

XXII. REPAIRS TO PIPELINE SYSTEM

A. Repair of any component of the pipeline system shall be performed in a manner that is safe and prevents damage to persons or property.

B. With the exception of minor repairs performed by terminal personnel as noted in paragraph XI.C above, repairs to the pipeline system shall be performed by qualified professional firms ("Contractor") pursuant to a written purchase order that, in part, obligates the Contractor to comply in all material respects with applicable local, state and federal ordinances, laws, rules, regulations and orders, and this Manual, as applicable.

C. Contractors performing any repair of the pipeline system that may require excavations or trenches greater than four (4) feet in depth shall be required to comply with the following additional provisions:

1. Contractor shall designate one competent person as defined in 29 CFR Part 1926, Subpart P, Excavations, to inspect and document excavation safety conditions daily and to ensure excavation safety prior to any personnel entering an excavation. All excavation work must be performed in compliance with 29 CFR Part 1926, Subpart P, Excavations.

2. Contractor shall locate all underground installations prior to opening the excavation.

3. Contractor shall supply means of egress so that no more than 25 feet of lateral travel is required by personnel in the excavation.

4. Contractor shall utilize barricades, hand signals, or stop logs for equipment operating next to excavations and Contractor shall slope grade away from excavation to provide adequate protection from cave-in, and against falling rock, soil or material.

5. Contractor shall check the excavation for hazardous atmospheres and ensure that no personnel may enter the excavation if there is a presence of an unsafe accumulation of gas (>20% of the Lower Flammable Limit of the gas) or the presence of an unsafe level of oxygen (<19.5% oxygen). Any unsafe condition determined to exist with regard to an unsafe accumulation of gas or an oxygen deficiency as described herein shall be eliminated by Contractor, or provisions made to properly deal with the conditions so found. Such provisions or precautions may include, by are not necessarily limited to :

a. An emergency rescue harness and line for each employee in the excavation.

b. A breathing apparatus (respirator), either self-contained or supplied-air type (the air intake for the latter type must be located at a "clean" source, remote from any vapor or gas accumulation).

c. An adequate supply of fire extinguishers, if "hot" welding or hot work in a potentially flammable atmosphere is to be performed.

d. Portable fans for ventilating the working space.

e. Eductors placed on nearby blowdowns to evacuate residual pipeline vapors which would otherwise leak into the work area.

6. Contractor shall stockpile excavation spoils a minimum of two (2) feet from the edge of the excavation and shall ensure that other material or equipment which might fall or roll into the excavation is kept a minimum distance of at least two (2) feet from the edge of the excavation, or have retaining devices, or be prevented from falling with a combination of both precautions.

7. Contractor shall protect the excavation from water accumulation and loose rock and soil.

XXIII. SCRAPER AND SPHERE FACILITIES

A. No launcher or receiver shall be used that is not equipped with a relief device capable of safely relieving pressure in the barrel before insertion or removal of scrapers or spheres.

B. The following procedures shall be followed in connection with operation of the scraper from Trumbo Point to Boca Chica:

1. Make sure valves going to the trap are closed. The scraper barrel is to be closed and isolated.

2. Open the trap drain valve located under the scraper trap to empty fuel from the trap. Verify that the pressure is relieved from the barrel. Open vent line on top of barrel to permit drainage.

3. Close the drain valve tight.

4. Open the end cap of the scraper trap and insert the scraper as far as possible into the trap. Close the end cap tight.

5. Open the valves to the scraper trap and close the main valve. Start booster pump, followed by the main pumps, and the scraper will leave immediately.

6. Open the main line valve and close the two valves coming from the trap.

7. Go to Boca Chica after one hour and twenty minutes has passed from the time the scraper was launched.

8. Open the valves to the scraper and close the main line valve; the scraper should arrive approximately one hour and forty-five minutes after launch.

9. When the scraper arrives, open the main line valve and close the two valves going to the scraper trap.

10. Open the drain valve on the trap and pump the fuel from the trap. Verify that the pressure is relieved at the receiving tank unless the receiving tank has a floating roof.

11. After draining the trap, open the door and remove the scraper.

12. Close the drain valve and secure scraper barrel closed.

XXIV. UNDERWATER INSPECTION AND REBURIAL OF PIPELINES IN THE GULF OF MEXICO AND ITS INLETS

A. Based on a review of the Navigational Chart for Key West Harbor and Approaches (NOAA 40th Ed., Dec./03), a survey of the KWPC four-inch (4") transfer petroleum pipeline (Frederick H. Hildebrandt 7/20/96) and 50 CFR §600.15(c), the underwater segments of the four-inch (4") transfer petroleum pipeline tentatively have been determined to lie in the Gulf of Mexico in waters less than 15 feet (4.6 meters) deep as measured from mean low water. KWPC reserves the right to reconsider this determination if further evidence establishes that the pipeline is not located in the Gulf of Mexico or its inlets and, therefore, is not subject to the provisions of 49 CFR §195.413.

B. To evaluate whether the underwater segments of the four-inch (4") transfer petroleum pipeline are at risk of being an "exposed underwater pipeline" or a "hazard to navigation," as those terms are defined in 49 CFR §195.2, KWPC will conduct an underwater inspection of all underwater segments of the pipeline in August 2005. Following the initial underwater inspection, a determination will be made of those segments that have the greatest potential of being at risk of being an "exposed underwater pipeline" or a "hazard to navigation," as those terms are defined in 49 CFR §195.2. Thereafter, unless it is later determined that such segments of the pipeline are not located in the Gulf of Mexico or its inlets, the segments so designated will be inspected once every five (5) years.

C. If, following the underwater inspection described in subparagraph B above, it is determined that any segment of the underwater pipeline lying in the Gulf of Mexico or its inlets is an "exposed underwater pipeline" or poses a "hazard to navigation," as those terms are defined in 49 CFR §195.2, KWPC shall—

1. Promptly, but not later than 24 hours after discovery, notify the National Response Center, telephone: 1-800-424-8802, of the location and, if available, the geographic coordinates of the pipeline segment.

2. Promptly, but not later than 7 days after discovery, mark the location of the pipeline segment in accordance with 33 CFR Part 64 at the ends of the pipeline segment and at intervals of not over 500 years (457 meters) long, except that a pipeline segment less than 200 yards (183 meters) long need only be marked at the center, and, further, except that no such marking shall be made if the United States Coast Guard determines that such marking will constitute a hazard to navigation; and

3. Within 6 months after discovery, or not later than November 1 of the following year if the 6 month period is later than November 1 of the year of discovery, bury the pipeline so that the top of the pipe is 36 inches (914 millimeters) below the underwater natural bottom (as determined by recognized and generally accepted practices) for normal excavation or 18 inches (457 millimeters) for rock excavation.

(i) KWPC may employ engineered alternatives to burial that meet or exceed the level of protection provided by burial.

(ii) If KWPC cannot obtain required state or Federal permits in time to comply with the requirements of this subparagraph 3, it will notify OPS; specify whether the required permit is State or Federal; and, justify the delay.

INSTRUCTION SHEET FOR MAY 15, 2007 REVISIONS TO STANDARD OPERATING PROCEDURES AND MAINTENANCE MANUAL

1. Remove Title page; insert updated Title page.

2. Remove Table of Contents (pages i – ii) and Record of Review Sheet (page iii); insert updated Table of Contents (pages i - ii) and Record of Review sheet (pages iii-iv).

3. Remove Manual pages 1 -19 (Articles I - XXIV); insert updated Manual pages 1- 19 (Articles I - XXIV).