



U.S. Department
of Transportation

**Pipeline and Hazardous
Materials Safety
Administration**

230 Peachtree Street N.W.
Suite 2100
Atlanta, GA 30303

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 28, 2023

Mark Rauch
President, Pipeline & Terminal Management Corporation
4635 Southwest Freeway
Suite 910
Houston, Texas 77027

CPF 2-2023-009-WL

Dear Mr. Rauch:

From November 7 to November 8, 2022, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), performed an on-site inspection of your McCain Pipeline Company facility and records in Lauderdale, Mississippi.

As a result of the inspection, it is alleged that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The item inspected and the probable violation is:

1. § 195.49 Annual Report.

Each operator must annually complete and submit DOT Form PHMSA F 7000-1.1 for each type of hazardous liquid pipeline facility operated at the end of the previous year. An operator must submit the annual report by June 15 each year, except that for the 2010 reporting year the report must be submitted by August 15, 2011. A separate report is required for crude oil, HVL (including anhydrous ammonia), petroleum products, carbon dioxide pipelines, and fuel grade ethanol pipelines. For each state a pipeline traverses, an operator must separately complete those sections on the form requiring information to be reported for each state.

McCain failed to comply with the regulation because it did not accurately complete and submit DOT Form PHMSA F7000-1.1 (Annual Report) for each type of hazardous liquid pipeline facility it operated at the end of the previous year. Specifically, Annual Reports between 2017 and 2021 did not accurately reflect the correct number of breakout tanks within the system.

During an on-site field inspection, PHMSA inspectors observed one breakout tank within the operator's system. The Annual Reports for Calendar Years (CY) 2017, 2019, and 2020 include zero breakout tanks. The Annual Report for CY 2018 includes three breakout tanks. The Annual Report for CY 2021 includes two breakout tanks.

Following PHMSA's identification of the discrepancy, McCain acknowledged that it would need to submit supplemental Annual Reports for CY 2017 through 2021, updating the number of breakout tanks to "one." As of March 1, 2023, three months and 21 days after the on-site field inspection, no supplemental reports have been submitted.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$257,664 per violation per day the violation persists, up to a maximum of \$2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022 and before January 6, 2023, the maximum penalty may not exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,142 for a related series of violations. For violation occurring on or after May 3, 2021 and before March 21, 2022, the maximum penalty may not exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019 and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022.

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 item identified in this letter. Failure to do so will result in Pipeline & Terminal Management Corporation 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 2-2023-009-WL**. 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,

Derrick L Turner

for

James A. Urisko
Director, Southern Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration