TRANSMONTAIGNE OPERATING COMPANY L.P.

Edward J. Luebke
Vice President

January 7, 2020

Ms. Mary McDaniel, Director
Southwest Region
Office of Pipeline Safety
Pipeline and Hazardous Safety Administration (PHMSA)
8701 S. Gessner Rd. Suite 630
Houston, Texas 77074

Re: TransMontaigne Operating Company L.L.C. Brownsville, Texas
CPF 4-2019-5023M

Dear Ms. McDaniel:

We received the above referenced CPF NOA letter dated December 11, 2019 (the "NOA Letter"). The NOA Letter states that following an inspection at the TransMontaigne Brownsville Terminal, the PHMSA inspectors identified three procedures as inadequate.

The following responses list the inadequacies identified in the NOA Letter and describe the correcting amendments made to the relevant TransMontaigne documentation.

1. With respect to the violation of §195.446 Control Room Management.
   (a) General. This section applies to each operator of a pipeline facility with a controller working in a control room who monitors and controls all or part of a pipeline facility through a SCADA system. Each operator must have and follow written control room management procedures that implement the requirements of this section. The procedures required by this section must be integrated, as appropriate, with the operator's written procedures required by §195.402. An operator must develop the procedures no later than August 1, 2011, and must implement the procedures according to the following schedule. The procedures required by paragraphs (b), (c) (5), (d) (2) and (d) (3), (f) and (g) of this section must be implemented no later than October 1, 2011. The procedures required by paragraphs (c) (1) through (4), (d) (1), (d) (4), and (e) must be implemented no later than August 1, 2012. The training procedures required by paragraph (h) must be implemented no later than August 1, 2012, except that any training required by another paragraph of this section must be implemented no later than the deadline for that paragraph.

TransMontaigne's procedure for "Test any backup SCADA system" was found to be inadequate and must be amended to provide the necessary information, tools, processes, and procedures for TransMontaigne controllers to carry out the roles and responsibilities defined by its Operations and Maintenance Plan. TransMontaigne's procedure should provide clarification to correctly identify the primary and secondary server locations, and other possible control room locations mentioned in this section and during the integrated inspection, and to clarify the roles and responsibilities of its controllers.

TransMontaigne's Control Room Management Plan has been amended to reflect the location of the primary and secondary control room locations, primary and secondary server locations and has clarified roles and responsibilities of its controllers. (See attachment 1)

2. With respect to violation of §195.442 Pipeline Integrity Management in high consequence areas.
   (f) What are the elements of an integrity management program? An integrity management program begins with the initial framework. An operator must continually change the program to reflect operating experience, conclusions drawn from results of the integrity assessments, and other maintenance and surveillance data, and evaluation of consequences of a failure on the high consequence area. An operator must include, at minimum, each of the following elements in its written integrity management program:
   (1) A process for identifying which pipeline segments could affect a high consequence area;

TransMontaigne's Pipeline Integrity Assessment and Management Manual, Sections 1.03: Release Locations and Spill Volumes and Appendix B: Identified HCA Pipeline Facilities were found to be inadequate and must be amended to ensure all elements of an integrity management program reflect operating experience, maintenance and surveillance data, and evaluation of consequences of a failure in a high consequence area. Section 1.03 Release Locations and Spill Volumes and Appendix B – Identified HCA Pipeline Facilities of the manual; however, Appendix B failed to include pipeline rupture volume information.

TransMontaigne has revised Section 1.03 of its Integrity Management Plan to reflect the following:

1.03 Release Locations and Spill Volumes

TransMontaigne will utilize Integrity Solutions' HCA analysis program, HazStation, and risk analysis program, Pipeline and Facilities Integrity Manager (PFIM™) to analyze the release locations and the affected area a potential spill could impact. The programs will use at a minimum the following criteria to calculate the area around the pipeline affected by a leak or rupture:

- Proximity to water crossings
- Consideration to topography (elevations)
- Support if predetermined spacing of release points is used.
- Facility consideration (tank volumes, pump stations)
- Detection times

- Response times

Calculation of spill volumes will be determined using a full pipeline separation (guillotine), detection time, response time, consideration of leak detection equipment, drain down, design factors, product being transported and release rate. The following equation is used to determine the worst case spill volume to be used in the analysis.

$$L^2 \times D = V_p$$

Where: L = 98.43 (ft)
D = Pool Depth (ft)
V_p = Pixel Volume (ft^3)

And: $A_s = (0.178)\ V_p / V_t$

Where: A_s = Spread Area (pixels)
V_t = Total Volume (bbl)

The maximum pool depth, D, should be based on operating experience or the surrounding terrain and ground cover characteristics. The resulting area of spread is conservative based on the assumption of no ground absorption or evaporation taking place and the pool spread being unhindered by natural obstacles and vegetation (surface roughness). TransMontaigne uses the assumption that liquid product will pool at ½" in depth based on the soil and vegetation conditions in the area they operate and conservative assumptions based on industry related studies. Pipeline facility rupture volume information can be found in TransMontaigne's PFIM™ database or pipeline facility specific HCA analysis report.

Alternatively, if the pipeline transports highly volatile liquids (HVLs) then an air dispersion model is used to calculate a buffer around the pipeline. Refer to section 1.06 - Air Dispersion Analysis.

3. *With respect to violation of §195.442 Pipeline Integrity Management in high consequence areas.*

   (g) What is information analysis? In periodically evaluating the integrity of each pipeline segment (paragraph (j) of this section), an operator must analyze all available information about the integrity of the entire pipeline and the consequences of the failure

TransMontaigne's Pipeline Integrity Assessment and Management Manual, Section 5: Risk Analysis, 5.04: Risk Analysis of HCA Pipeline Segments was found to be inadequate and must be amended to ensure that all information is available regarding the integrity of the entire pipeline for the Operator to perform an adequate information analysis. The procedure states that each HCA segment is risk ranked based on its calculated Risk of Failure (ROF) score as shown in Table 5.5 – HCA Pipeline Segment Risk Ranking; however Section 5: Risk Analysis does not include a Table 5.5.

TransMontaigne has revised Section 5.04 of its Integrity Management Plan to reflect the following:

5.04 Risk Analysis of HCA Pipeline Segments

Per TransMontaigne's risk analysis workflow, Phase 5 – Generate Risk Results, periodic risk analyses will be performed using the PFIM line pipe risk model that will generate HCA pipeline segment risk rankings based on total ROF. Refer to Appendix G – Risk Analysis Information for the current risk ranking of HCA segments.

Each pipeline system is subdivided into short pipeline sections, based on pipe design characteristics or HCA limits, for the evaluation of risk. This pipe segmentation allows the risk model user to clearly differentiate the relative risks of different HCA pipeline segments.

PFIM risk algorithm variables and attribute risk values are scored against each pipe section based on the risk model data gathered. Risk scores for each pipe section are determined based on nine (9) separate threat scores (i.e., EC, IC, SCC, TBD, WOF, MFG, CON, IO & EQ), which are summed in an 'OR GATE' equation to calculate the LOF score. Then three (3) separate impact scores (i.e., IOP, IOE & IOB) are added to determine the COF score. The product of each pipe section's LOF and COF score is the ROF score.

Risk scores for each HCA pipeline segment are determined from aggregation of the worst case scores of each pipe section within the segment. Refer to TransMontaigne's PFIM database or risk analysis documentation for the current HCA pipeline segment risk scores.

TransMontaigne Operating Company L.L.C. is committed to operating our Terminals and Pipelines Systems safely and in compliance with all applicable regulations. If you have further questions, please feel free to contact me at 770.518.3586.

Sincerely,

Edward J. Luebke
Vice President

cc: Michael Hammell, General Counsel
James F. Dugan, Chief Operating Officer