

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 31, 1997

Mark Rauch
President
Key West Pipeline Company
Pipeline & Terminal Management Corporation
Post Office Box 4875
Houston, Texas 77210-4875

CPF No. 27606-W

Dear Mr. Rauch:

On 16 July 1997, Mike Schwarzkopf of the Southern Region, Office of Pipeline Safety, pursuant to Chapter 601 of 49 United States Code, conducted an onsite pipeline safety inspection of your pipeline facilities in the state of Florida and records at Key West, Florida.

As a result of the inspection, it appears that you have committed probable violations as noted below of pipeline safety regulations Title 49, Code of Federal Regulations, Part 195.

The items inspected and the probable violations are:

1. **§195.428(a) requires that each operator inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, once each calendar year and at intervals not exceeding 15 months.**

Key West Pipeline Company has not inspected or tested the pressure switches used to limit pump discharge pressure.

2. **§195.412(a) requires each operator to inspect surface conditions on or adjacent to each pipeline right-of-way at intervals not exceeding three weeks, but at least 26 times each calendar year.**

Key West Pipeline Company has not inspected its right-of-way's surface conditions at intervals not exceeding three weeks in 1997.

<u>1997 Inspection Date</u>	<u>Days more than three Weeks</u>
2 January 1997	-----
1 May 1997	84 days
15 June 1997	24 days

Under 49 United States Code, §60122, you are subject to a civil penalty not to exceed \$25,000 for each violation for each day the violations persist up to a maximum of \$500,000 for any related series of violations.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to assess you a civil penalty. We advise you, however, that should you not correct the circumstances leading to the violations, we will take enforcement action when and if the continued violations come to our attention.

You will not hear from us again with regard to the noted inspection and our subsequent action. Because of the good faith that you have exhibited up to this time, we expect that you will act to bring your pipeline (and/or your operations) into compliance with pipeline safety regulations.

Please refer to CPF No. 27606-W in any correspondence and/or communication on this matter.

Sincerely,

Frederick A. Joyner
 Director, Southern Region
 Office of Pipeline Safety

cc: Compliance Registry, OPS Headquarters