

**NOTICE OF PROBABLE VIOLATION  
and  
PROPOSED COMPLIANCE ORDER**

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

December 23, 2009

Mr. Manouch Daneshvar  
Vice President  
Marysville Hydrocarbons  
30078 Schoenherr, Suite 150  
Warren, MI 48088

**CPF 3-2009-5026**

Dear Mr. Daneshvar:

On April 27 – May 1, 2009, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Marysville Hydrocarbons' records and facilities for the highly volatile liquid storage field in Marysville, Michigan. The Marysville facilities were recently identified as being subject to the Pipeline Safety Regulations and Marysville Hydrocarbons (Marysville) has been in the process of transitioning their operations to comply with Part 195.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation(s) are:

**1. §195.304 Test pressure.**

**The test pressure for each pressure test conducted under this subpart must be maintained throughout the part of the system being tested for at least 4 continuous hours at a pressure equal to 125 percent, or more, of the maximum operating pressure and, in the case of a pipeline that is not visually inspected for leakage**

**during test, for at least an additional 4 continuous hours at a pressure equal to 110 percent, or more, of the maximum operating pressure.**

Review of Marysville records found that the pressure tests of the facility did not meet the requirements of Part 195. The construction of this facility began in 1972. The records indicated that portions of the facility were pressure tested to either 1500 psig or 1800 psig for one hour per ASME B31.3 "Process Piping" (The industry code to which this facility was built in the early 1970's and to which it was operated since then). Additionally, these records were simply statements on the alignment sheets. There were no pressure charts or other documentation. The maximum operating pressure Marysville claimed to have established was 1440 psig.

**2. §195.404 Maps and Records.**

**b) Each operator shall maintain for at least 3 years daily operating records that indicate-**

**(1) The discharge pressure at each pump station;**

Marysville did not have records of the discharge pressure for their pumps located in the storage field for several months. Marysville is updating the control center to a new SCADA system. However, due to a problem, the new SCADA system did not record the discharge pressures from approximately April 2008 to February 2009. The system has been corrected, and it has maintained pressure records since that time.

**3. §195.410 Line markers.**

**(a) Except as provided in paragraph (b) of this section, each operator shall place and maintain line markers over each buried pipeline in accordance with the following:**

**(2) The marker must state at least the following on a background of sharply contrasting color:**

**(i) The word "Warning," "Caution," or "Danger" followed by the words "Petroleum (or the name of the hazardous liquid transported) Pipeline", or "Carbon Dioxide Pipeline," all of which, except for markers in heavily developed urban areas, must be in letters at least 1 inch (25 millimeters) high with an approximate stroke of 1/4 inch (6.4 millimeters).**

**(ii) The name of the operator and a telephone number (including area code) where the operator can be reached at all times.**

Marysville did not have the correct line markers at one road crossing. The two lines leave the storage facility and go to the Sun station about a mile away. The line markers at Witt Road were marked with Consumer Pipeline markers. Additionally, the markers did not state the right product, nor was the phone number up to date. Marysville indicated that

they were now in the process of changing those line markers out. The next road crossing inspection found the updated line markers on the pipelines.

**4. §195.420 Valve maintenance.**

**(b) Each operator shall, at intervals not exceeding 7 1/2 months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.**

The review of records found that the mainline valves were only being inspected once a year. Marysville must classify certain valves as mainline in this facility and should ensure that they are inspected and documented at a minimum of twice a year.

**5. §195.428 Overpressure safety devices and overfill protection systems**

**a. Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, 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, 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.**

Review of records found that the high pressure shutdown switches and control valves were not being inspected twice a year. The thermal reliefs were placed on a six month schedule in 2008. This was done in conjunction with the transition from adherence to the ASME B31.3 Code to compliance with Part 195.

**6. §195.440 Public awareness**

**(a) Each pipeline operator must develop and implement a written continuing public education program that follows the guidance provided in the American Petroleum Institute's (API) Recommended Practice (RP) 1162 (IBR, see § 195.3).**

At the time of the PHMSA inspection, Marysville Hydrocarbon did not have a completed written public awareness program that followed the guidance of API RP 1162. Prior to 2008, Marysville did not consider themselves a jurisdictional operator and did not follow Part 195 regulations. In 2008, Marysville began taking steps to comply with Part 195.

Proposed Compliance Order

With respect to items 1 and 6 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to

Marysville Hydrocarbon. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Items

With respect to items 2-5, 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 promptly correct these items. Be advised that failure to do so may result in Marysville Hydrocarbon being subject to additional enforcement action.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. 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). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

In your correspondence on this matter, please refer to **CPF 3-2009-5026** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Ivan A. Huntoon  
Director, Central Region  
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*  
*Response Options for Pipeline Operators in Compliance Proceedings*

## **PROPOSED COMPLIANCE ORDER**

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Marysville Hydrocarbon a Compliance Order incorporating the following remedial requirements to ensure the compliance of Marysville HydroCarbon with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to the pressure test of the facility, Marysville must submit a program and schedule to pressure test the facility per 49 CFR Part 195 requirements. The program must include provisions for analysis of any failures and the re-evaluation of safe operating pressures and prioritization of test sections based on the results.
  - a. The program and schedule must be submitted within 60 days from the receipt of the Final Order to the Director Central Region for approval.
  - b. Implement the schedule upon approval from the Director Central Region.
  - c. To maintain safety, reset the relief valves and high pressure shut downs to protect the 1200 psig MOP until the facilities are pressure tested.
  - d. Provide annual updates on the status of the pressure test program.
2. The pressure test program must be completed within five years from the date the Final Order is received.
3. In regard to Item Number 6 of the Notice pertaining to the Public Awareness Program, Marysville must submit the public awareness program per 49CFR Part 195.
  - a. The program must be submitted within 60 days of the receipt of the Final Order to the Director Central Region for review.
  - b. Implement the plan as submitted, unless otherwise instructed by the Director, Central Region.
4. Marysville shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Ivan A. Huntoon, Director, Central Region, Pipeline and Hazardous Materials Safety Administration. Costs shall be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements and additions.