



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

901 Locust Street, Suite 462
Kansas City, MO 64106-2641

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 14, 2011

Mr. Michael Pearson
VP of Technical Services
Magellan Pipeline Company LP
One Williams Center, Mail Drop 27
Tulsa, OK 74172

CPF 3-2011-5003W

Dear Mr. Pearson:

On May 10-14, June 7-10, and December 14-17, 2010, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your records and facilities in Wisconsin, Iowa, and Illinois. Additionally, records were reviewed at your Tulsa headquarters office.

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. §195.404 Maps and Records.

(c) Each operator shall maintain the following records for the periods specified;

(3) A record of each inspection and test required by this subpart shall be maintained for at least 2 years or until the next inspection or test is performed, whichever is longer.

Magellan personnel (Magellan) did not document the inspections of three control valves at the Iowa City station and terminals. Reviewing the records for their over-pressure protection revealed that the company was not keeping records of their inspections of the control valves. Magellan indicated that the control valves were inspected on an annual basis, but they were not documenting those inspections. The work order program was modified to ensure that proper documentation would be completed for future inspections.

2. §195.432 Breakout tanks.

(d) The intervals of inspection specified by documents referenced in paragraphs (b) and (c) of this section begin on May 3, 1999, or on the operator's last recorded date of the inspection, whichever is earlier.

§195.432 (b) requires that each operator must inspect the breakout tanks according to API Standard 653. API 653 indicates that all tanks shall be given a visual external inspection by an authorized inspector. This inspection shall be called the external inspection and must be conducted at least every 5 years or $RCN/4N$ years (where RCA is the difference between the measured shell thickness and the minimum required thickness in mils, and N is the shell corrosion rate in mils per year) whichever is less. Tanks may be in operation during this inspection.

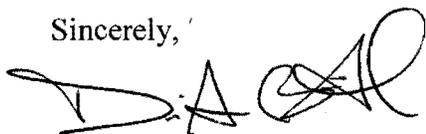
Magellan personnel did not conduct the external inspection at the interval prescribed in API 653 (incorporated by reference). Review of the breakout tank records for this facility found that breakout tanks at the Mason City station exceeded the maximum five year inspection interval following the July 2004 external inspection. The latest inspection found that no repairs were needed on any of the tanks.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. 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(s)

identified in this letter. Failure to do so will result in Magellan Pipeline Company LP 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 3-2011-5003W**. 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,

A handwritten signature in black ink, appearing to read 'D. Barrett', with a large, stylized flourish at the end.

David Barrett
Director, Central Region
Pipeline and Hazardous Materials Safety Administration