

August 25, 2011

Mr. David Barrett
Director, Central Region
Pipeline and Hazardous Materials Safety Administration
901 Locust Street, Suite 462
Kansas City, MO 64106-2641

RECEIVED
AUG 26 2011

Re: CPF 3-2011-6001

Dear Mr. Barrett:

On July 28, 2011, Murphy Oil USA received a Notice of Probable Violation with Proposed Civil Penalty and Proposed Compliance Order from the Pipeline and Hazardous Materials Administration resulting from inspections performed on May 18-21 and June 2-5, 2010. Murphy's responses to each item in the Notice are provided below:

1. We are not contesting this item. As mentioned in your Notice, the situation was corrected within several weeks of becoming aware of it during the inspection. As there was no adverse impact on the environment, and the situation was immediately corrected, we would ask that you consider reducing the proposed penalty by 50% (to \$24,800).
2. We are not contesting this item. Following the inspection last year, we retained an engineering consultant to update our alignment sheets. All water, gas, sanitary sewer, storm sewer, and telephone line crossings are now on our drawings. We are finishing up the cable television crossings and will meet the requirements of the Proposed Compliance Order.
3. We are not contesting this item. In 2008, our pipeline right of way was regularly patrolled twice per month, rather than 26 times per year as required. Following the inspection, we immediately changed our practice and our O&M manual has been revised to reflect the requirement. In light of the fact that regular bi-monthly inspections were in fact performed, we immediately achieved compliance following the inspection, and there were no adverse impacts from the slightly longer patrol intervals, we request that the proposed fine be reduced by 50% (to \$6,650).

4. We are not contesting this item or the proposed penalty. The thermal expansion relief valves will have periodic preventive maintenance work orders entered into our Computerized Maintenance Management System and they will be inspected and tested to meet the requirements of the Proposed Compliance Order.
5. We are not contesting this item. Our list of excavators has been updated. We will meet the requirements of the Proposed Compliance Order.
6. We are not contesting this item. The individual performing our rectifier inspections was a fully competent electrician (our electrical foreman) who has been inspecting the rectifiers for years. Following the inspection, he was qualified in accordance with our written operator qualification program. In consideration of the fact that the rectifiers were being inspected regularly by a competent and capable person, there were no adverse impacts, and the individual was immediately qualified following the inspection, we would ask that you consider reducing the proposed penalty be reduced by 50% (to \$16,450).
7. We are not contesting this item. In response to your warning, Murphy will ensure on future projects that:
 - 1) Murphy employees are qualified in accordance with Section H of Murphy's O&M Manual prior to performing covered tasks,
 - 2) non-Murphy employees are qualified in accordance with Section H.4 of Murphy's O&M Manual, and
 - 3) documentation verifying that Murphy employees and contractors who perform covered tasks are qualified is received and reviewed by Murphy prior to performance of the covered tasks. This documentation will be retained at Murphy's office for a period of five years, in accordance with the regulation.

Regarding the specific instance mentioned in Item 7, Murphy has revised Section I.3 of the O&M Manual to require individuals who apply coating to be qualified to perform that task and to adhere to the manufacturer's recommendations for installing the particular coating they're applying. The revised O&M Manual was sent with our response to your Notice of Amendment under separate cover (CPF 3-2011-6002M).

8. We are not contesting this item. Our inspectors will examine the subject piping and develop an action plan. We will meet the requirements of the Proposed Compliance Order.

Both Murphy Oil USA, Inc., and the staff of the Superior Refinery remain dedicated to the continued safe operation of our pipeline system. Please let me know if we can provide any further information.

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One final note; Murphy Oil recently reached an agreement to sell the Superior Refinery and the associated pipeline. The transaction is scheduled to close in the next few of months. To ensure that any correspondence receives immediate attention, I would request that you send a copy to me here in Superior in addition to our corporate office in El Dorado, Arkansas.

Sincerely,

A handwritten signature in black ink, appearing to read "David J. Podratz", with a long horizontal flourish extending to the right.

David J. Podratz
Manager, Superior Refinery

Cc: Steve Hunkus, El Dorado