

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 4, 2014

Mr. Michael Pearson
Senior Vice President, Technical Services
Magellan Pipeline Company, LP
One Williams Center, MD 27,
P. O. Box 22186, Mail Drop 27
Tulsa, OK 74172

CPF 4-2014-5004

Dear Mr. Pearson:

On March 26, 2014, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code visited Maverick Testing Laboratories, Inc. (Maverick) to observe welder qualifications for your BridgeTex Pipeline construction project at Maverick's facility in La Porte, TX.

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 violations are:

1. §195.222 Welders: Qualification of welders.

(b) Each welder must be qualified in accordance with section 6 of API 1104 (incorporated by reference, see § 195.3 or section IX of the ASME Boiler and Pressure Vessel Code, (incorporated by reference, see § 195.3) except that a welder qualified under an earlier edition than listed in § 195.3 may weld but may not re-qualify under that earlier edition.

Magellan did not properly qualify their welders. Magellan was qualifying welders under its branch/tie-in procedure (filet welds) *WPS MAG-60-F-G1 & 2* for >X46-60 API 5L type pipe and associated fittings. According to the initial documentation and information provided by Maverick and Cleveland Integrity Services, Inc. (Cleveland) inspection personnel, the test material that was to be used for the branch test was 12.75” diameter, .250” wt API 5L X52 (falling within the range of >X46-60, as prescribed in the procedure). The testing material was provided by Maverick for welder qualification to this procedure.

However, during qualification of the welder, the PHMSA inspector discovered that the test pipe materials stenciling indicated it was of an X42 material rather than the X52 previously stated and noted on the paperwork. The inspector brought this matter up to the operator personnel and questioned the welder’s qualification. This material fell under another one of Magellan’s procedures (*WPS MAG-42-F-G1 & 2*) and that welding procedures should have been used instead (there are essential variable differences between the two procedures). Neither the welding inspectors for Maverick or Cleveland witnessing the qualification could answer these inquiries. The qualification testing was temporarily halted, but resumed when Maverick’s President opined that grade of the material was irrelevant to the qualification of the welder.

The welder qualification was completed with the X42 material which was outside the grade requirements of the procedure of record used to qualify the welder. Since the BridgeTex construction project will be constructed using X52 pipe, a welder qualifying using X42 procedures would not be qualified to the actual procedure of record for the line.

API 1104 does not specify a “change in grade” as an essential variable in the qualification of welders, but Magellan’s own procedures (*Specification 102 – Requirements for Welding and Requalification (WE-ADM-005), dated 01/01/13, Revision: 7*) do state under its Section 3.1.2,

“Welders shall be required to be qualified to ‘a’ qualified welding procedure in accordance with one or more the following: ASME Section IX, API 1104, or API 1104 Appendix B using qualified welding procedures.”

The portion stating “qualified to ‘a’ qualified welding procedure” implies a singular welding procedure and not multiple ones (one for X42 and another for >X46-60), as has been the practice for the qualification of welders for the project. The documented procedure of record requires an API 5L grading between >X46-60. The X42 grade material used for testing falls outside this procedure and within another procedure. This in effect is incongruent to Magellan’s procedural requirement that welders being tested are qualifying to “a” (singular) qualified welding procedure.

Furthermore, substitution of grades is not expressly denoted as allowable or permissible, per the operator’s procedures for the qualification of welders, under Sections 5.0, 5.1 and 5.2 of *Specification 102 – Requirements for Welding and Requalification*. All welders previously qualified under the *WPS MAG-60-F-G1 & 2* procedure using the X42 grade test material remain unqualified by procedure and regulation.

2. **§195.222 Welders: Qualification of welders.**

(b) Each welder must be qualified in accordance with section 6 of API 1104 (incorporated by reference, see § 195.3 or section IX of the ASME Boiler and Pressure Vessel Code, (incorporated by reference, see § 195.3) except that a welder qualified under an earlier edition than listed in § 195.3 may weld but may not re-qualify under that earlier edition.

Magellan's *Welder Qualification Data Report* record for K. Rogers dated 03/26/14 has incorrect/false information provided in the *Test Pipe Grade Material* portion of the record. The record lists "API 5L X-52" for the pipe grade used for the welder qualification. However, the actual grade used for the testing was API 5L X42 as witnessed by PHMSA.

According to testing personnel present during the qualification, all welders previously qualified to the *WPS MAG-60-F-G1 & 2* procedure (covers API 5L material grades >X46-X60) welding on the BridgeTex project used a similar X42 pipe material during their qualifications. If so, those *Welder Qualification Data Reports* would contain similar incorrect/false information and the documentation of welder qualifications utilizing these reports would be flawed in this detail of the record.

Proposed Compliance Order

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

With respect to items 1 and 2 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Magellan Pipeline Company, LP. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

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 4-2014-5004** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

R. M. Seeley
Director, Southwest 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 Magellan Pipeline Company, LP a Compliance Order incorporating the following remedial requirements to ensure the compliance of Magellan Pipeline Company, LP with the pipeline safety regulations:

1. In regard to Items 1 and 2 of the Notice pertaining to Magellan failing to qualify its welders to the applicable single qualifying branch/filet welding procedure (WPS MAG-60-F-G1 & 2 aka the procedure of record) for the pipe grade(s) prescribed under the procedure or record, Magellan shall requalify all welders that were not qualified using the prescribed materials and parameters of said singular procedure of record only. Magellan must notify PHMSA 48 hours prior to any re-qualification to allow PHMSA to be present for all qualifying tests.
2. Determine if and which welders, previously incorrectly qualified, have welded on line pipe associated to the BridgeTex project and provide documentation of the findings from the review to R. M. Seeley, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration, as well as identify the welds associated with each of these welders.
3. Correct all welder qualification records to properly reflect the grade of materials used to qualify the welder; rejecting those that did not qualify within the parameters and grades expressly prescribed in the procedure of record.
4. Provide PHMSA with the documentation that verifies completion of number 1, 2, and 3 above within 60 days following the receipt of the Final Order.
5. It is requested (not mandated) that Magellan Pipeline Company, LP maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to R. M. Seeley, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs 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, additions and other changes to pipeline infrastructure.