



U.S. Department
of Transportation

**Pipeline and Hazardous
Materials Safety Administration**

400 Seventh Street, S.W.
Washington, D.C. 20590

DEC - 1 2006

Mr. W. Michael Hulse
President
Murphy Oil USA, Inc.
200 Peach Street
El Dorado, AR 71731

RE: CPF No. 3-2005-5043

Dear Mr. Hulse:

Enclosed is the Final Order issued by the Acting Associate Administrator for Pipeline Safety in the above-referenced case. It makes a finding of violation and assesses a civil penalty of \$25,000. The penalty payment terms are set forth in the Final Order. This enforcement action closes automatically upon payment. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

James Reynolds
Pipeline Compliance Registry
Office of Pipeline Safety

cc: Mr. David J. Podratz, Manager, Superior Refinery
Mr. Ivan Huntoon, Director, Central Region, OPS

Enclosure

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

In the Matter of)	
)	
Murphy Oil USA, Inc.,)	CPF No. 3-2005-5043
)	
Respondent.)	

FINAL ORDER

On July 13-14, 2004, pursuant to 49 § U.S.C. 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), Central Region, conducted an on-site pipeline safety inspection of Respondent's Integrity Management Program (IMP) in Superior, Wisconsin. As a result of the inspection, the Director, Central Region, issued to Respondent, by letter dated November 3, 2006, a Notice of Probable Violation and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had violated 49 C.F.R. § 195.452(b) and proposed assessing a civil penalty of \$25,000 for the alleged violation.

Respondent responded to the Notice by letter dated November 23, 2005 (Response). Respondent did not contest the allegation but offered information to explain the allegation and requested that the proposed civil penalty be eliminated. Respondent also requested a hearing. Respondent submitted a supplemental response dated July 14, 2006 withdrawing its request for a hearing.

FINDINGS OF VIOLATION

Uncontested

Respondent did not contest the alleged violation of 49 C.F.R. § 195.452 in the Notice. Accordingly, I find that Respondent violated 49 C.F.R. Part 195, as more fully described in the Notice:

49 C.F.R. § 195.452(b) (1) and (2) - failure to develop and implement a written integrity management program (IMP) and failure to include in the program an identification of each Category 2 pipeline or pipeline segment not later than November 18, 2002.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

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ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to a civil penalty not to exceed \$100,000 per violation for each day of the violation up to a maximum of \$1,000,000 for any related series of violations.

49 U.S.C. § 60122 and 49 C.F.R. § 190.225 require that, in determining the amount of the civil penalty, I consider the following criteria: nature, circumstances, and gravity of the violation, degree of Respondent's culpability, history of Respondent's prior offenses, Respondent's ability to pay the penalty, good faith by Respondent in attempting to achieve compliance, the effect on Respondent's ability to continue in business, and such other matters as justice may require.

The Notice proposed a civil penalty of \$25,000 for violation of 49 C.F.R. §195.452(b) (1) and (2), as Respondent failed to develop and implement a written IMP and failed to include in the program an identification of each Category 2 pipeline or pipeline segment not later than November 18, 2002. Respondent missed the prescriptive deadlines required by 49 C.F.R. Part195 to develop an IMP and identify segments that could affect HCAs not later than February 18, 2003 and November 18, 2002 for Category 2 pipelines. Respondent did not complete its original IMP and identification of HCA pipeline segments until May 28, 2004.

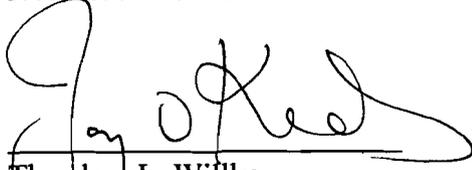
Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a total civil penalty of \$25,000 for violation of 49 C.F.R. § 195.452(b) (1) and (2).

Federal regulations (49 C.F.R. § 89.21(b)(3)) require this payment be made by wire transfer, through the Federal Reserve Communications System (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMZ-300), Federal Aviation Administration, Mike Monroney Aeronautical Center, P.O. Box 25082, Oklahoma City, OK 73125; (405) 954-8893.

Failure to pay the \$25,000 civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 C.F.R. § 901.9 and 49 C.F.R. § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in a United States District Court.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a Petition for Reconsideration of this Final Order. The petition must be received within 20 days of Respondent's receipt of this Final Order and must contain a brief statement of the issue(s). The filing of the petition automatically

stays the payment of any civil penalty assessed. However if Respondent submits payment for the civil penalty, the Final Order becomes the final administrative decision and the right to petition for reconsideration is waived. The terms and conditions of this Final Order are effective on receipt.



Theodore L. Willke
Acting Associate Administrator
for Pipeline Safety



Date Issued: DEC - 1 2006