

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 26, 2015

Mr. Craig Pierson
President
Marathon Pipe Line, LLC
539 South Main Street
Findlay, OH 45840

CPF 4-2015-5024

Dear Mr. Pierson:

On September 8-12, 16-17 and 22-25, 2014, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your records and procedures in the HQ office located in Findlay, OH. Records were also inspected in your field offices located in Garyville and Zachary Louisiana and in Pasadena, TX.

As a result of the inspection, it appears that Marathon Pipe Line, LLC (Marathon) has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are as follows:

- 1. §195.264 Impoundment, protection against entry, normal/emergency venting or pressure/vacuum relief for aboveground breakout tanks.**

Impoundment, protection against entry, normal/emergency venting

(b) After October 2, 2000, compliance with paragraph (a) of this section requires the following for the aboveground breakout tanks specified:

(1) For tanks built to API Specification 12F, API Standard 620, and others (such as API Standard 650 or its predecessor Standard 12C), the installation of impoundment must be in accordance with the following sections of NFPA 30:

(i) Impoundment around a breakout tank must be installed in accordance with section 4.3.2.3.2; and

(ii) Impoundment by drainage to a remote impounding area must be installed in accordance with section 4.3.2.3.1.

(2) For tanks built to API 2510, the installation of impoundment must be in accordance with section 5 or 11 of API 2510 (incorporated by reference, see §195.3).

Marathon Tank Dike capacity or impoundment records indicate that impoundment capacities are insufficient as required by NFPA 30 and §195.264.

During the record inspection, the PHMSA inspector identified that the tank dike capacity area for tanks 268-2, 100-3, 80-4 and 210-6 at the Pasadena Station located in Pasadena, TX is insufficient. The dike area capacity is 228,864 bbl. and the capacity of the largest tank (tank 268-2) is 268,561 bbl.

Marathon must ensure that the installation of impoundment of a tank built to API Standard 650 such as the tank 268-2 built in 1979 noted above, must be in accordance with the sections of NFPA 30, regardless of the date of construction.

2. §195.588 What standards apply to direct assessment?

(b) The requirements for performing external corrosion direct assessment are as follows:

(1) *General.* You must follow the requirements of NACE SP0502 (incorporated by reference, *see* § 195.3). Also, you must develop and implement an External Corrosion Direct Assessment (ECDA) plan that includes procedures addressing pre-assessment, indirect examination, direct examination, and post-assessment.

Marathon did not follow the requirements of NACE SP0502 when performing ECDA to assess the integrity of line pipe that could affect a High Consequence Area (HCA).

Marathon performed several baseline assessment of line pipe that could affect an HCA.

1. The Pasadena-Pasadena Colonial 36” Fuel Oil pipeline in 2006 and the reassessment of the line pipe in 2011. This line includes three areas of cased pipeline crossings.
2. The Pasadena-Pasadena Colonial 36” Gasoline pipeline on 7/28/2006 and the reassessment of the line pipe on 11/18/2011. This line includes three areas of cased pipeline crossings.
3. The Pasadena-Pasadena GATX 16” pipeline on 12/9/2005 and the reassessment of the line pipe on 11/1/2010. This line includes five areas of cased pipeline crossings.
4. The Pasadena Explorer – Pasadena 16” Purge pipeline on 7/28/2006 and the reassessment of the line pipe on 12/2/2011. This line includes three areas of cased pipeline crossings.

Marathon did not assess the line pipe in any of the cased crossings noted above using ECDA in accordance with NACE SP0502. Marathon used its *"ECDA Procedures for Cased Pipe"* contained in its *Standard MPLMNT127* and those ECDA procedures were not in accordance with §195.588 because they did not follow the requirements of NACE SP0502 as follows:

Marathon's ECDA procedures did not follow the requirements of NACE SP0502 Section 3.4.1. This states “The pipeline operator shall select indirect inspection tools based on their ability to detect corrosion activity and coating holidays reliably under the specific pipeline conditions to be encountered.”

- Marathon's ECDA procedure Section 4.1.4 (Selection of Indirect Inspection Tools) of states, "Casing test methods are expected to provide information about the electrical status of casings (i.e. metallic or electrolytic short)" and Section 5.1.1 (Electrical Test Methods to Verify Casing Isolation) states "Two or more test methods shall be selected to determine casing electrical isolation." But, nothing in either section of the Marathon's procedures described the ability of the tools to detect corrosion activity and coating holidays reliably for line pipe inside a steel casing.
- Marathon's ECDA procedure Sections 4.1.4.1 (Qualitative Tests for Casing Isolation) and 4.1.4.2 (Quantitative Tests for Casing Isolation) includes six test methods - four of which were based on indirect inspection tools listed in NACE SP0502, Section 3.4.1 Table 2. That said, Table 2 in NACE SP0502 (ECDA Tool Selection Matrix) includes five indirect inspection tools which are identified as: "Not applicable to this tool or not applicable to this application without additional considerations" for cased piping. But, Marathon's ECDA procedures did not provide additional considerations for the use of these methods to detect corrosion activity and coating holidays reliably on cased piping.

In addition, Marathon's ECDA procedures did not follow the requirement of NACE SP0502 Section 6 Direct Examination. Section 6.1.1 of Marathon's ECDA procedures states:

- “The Direct Examination Step requires excavations to expose the pipe upstream and downstream of the casing then a detailed inspection can be performed.” But Marathon's ECDA procedures did not require the direct examination of the line pipe within casings when required for prioritized indications, or other required direct examinations in the ECDA Region identified as most likely for external corrosion.

Consequently, Marathon did not follow the requirements of NACE SP0502 when performing ECDA to assess the integrity of line pipe that could affect a High Consequence Area (HCA).

Proposed Compliance Order

Under 49 United States Code, § 60122, Marathon is 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 Marathon Pipe Line, LLC. 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 4-2015-5024** 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 Marathon Pipe Line, LLC a Compliance Order incorporating the following remedial requirements to ensure the compliance of Marathon Pipe Line, LLC with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to the failure of Marathon to ensure that the requirements of §195.264. Marathon must:

Ensure that the tank dike capacity area for tanks 268-2, 100-3, 80-4 and 210-6 at the Pasadena Station located in Pasadena, TX are in compliance with §195.264, within 120 days of the issuance of a Final Order.

2. In regard to Item Number 2 of the Notice pertaining to Marathon not inspecting their pipeline's integrity with tools capable of detecting corrosion, as required by §195.452(j)(2). The following pipelines were identified as that they could affect a high consequence area (HCA) that were not assessed: Pasadena-Pasadena Colonial 36" Fuel Oil; Pasadena-Pasadena Colonial 36" Gasoline; Pasadena-Pasadena GATX 16"; and Pasadena Explorer – Pasadena 16" Purge pipelines. Marathon must:

- a. Notify the OPS Southwest Region of the assessment method(s) to be utilized, provide the procedures or processes for performing the assessments, and the planned dates for performing each assessment, within 90 days of the issuance of the Final Order.
- b. Assess the line pipe in cased crossings listed above in accordance with §195.452(j)(5), within 180 days of the issuance of the Final Order.
- c. Provide the OPS Southwest Region a report of each completed assessment performed and any remedial actions performed or scheduled on the cased crossings noted above, within 60 days of completing the assessment.

3. It is requested (not mandated) that Marathon 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.