

AUG 04 2010

Mr. Don R. Wellendorf
President and CEO
Magellan Pipeline Company, L.P.
One Williams Center
MD 27
Tulsa, OK 74172

Re: CPF No. 3-2009-5004

Dear Mr. Wellendorf:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and assesses a civil penalty of \$23,800. This is to acknowledge receipt of payment of the full penalty amount by wire transfer, dated June 15, 2009. This enforcement action is now closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. David Barrett, Director, Central Region, PHMSA

CERTIFIED MAIL – RETURN RECEIPT REQUESTED [7009 1410 0000 2472 2667]

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

In the Matter of)

Magellan Pipeline Company, L.P.,)

Respondent.)

CPF No. 3-2009-5004

FINAL ORDER

On various dates between May 14, 2008, and December 5, 2008, pursuant to 49 U.S.C. § 60117, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of Magellan Pipeline Company, L.P., (Magellan or Respondent) in Kansas. Magellan operates approximately 9,600 miles of pipelines transporting hazardous liquids, including crude oil, refined petroleum products, and anhydrous ammonia throughout the Midwest. The portion of the system inspected was the OK/KS unit consisting of a pipeline running from the Oklahoma/Kansas border to El Dorado, Kansas; two pipelines running from El Dorado, Kansas, to Topeka, Kansas; one pipeline from El Dorado, Kansas, to Humboldt, Kansas; and several smaller line sections in El Dorado.

As a result of the inspection, the Director, Central Region, OPS (Director), issued to Respondent, by letter dated May 14, 2009, a Notice of Probable Violation and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Magellan had violated 49 C.F.R. §§ 195.404, 195.428, 195.432, 195.583, 195.573, and 195.589, and proposed assessing a civil penalty of \$23,800 for one of the alleged violations. The Notice also proposed finding that Respondent had committed certain other probable violations of 49 C.F.R. Part 195 and warning Respondent to take appropriate corrective action or be subject to future enforcement action.

Magellan responded to the Notice by letter dated June 15, 2009 (Response). The company did not contest the allegations of violation and paid the proposed civil penalty of \$23,800, as provided in 49 C.F.R. § 190.227. Payment of the penalty serves to close the case with prejudice to Respondent.

FINDING OF VIOLATION

In its Response, Magellan did not contest the allegation in the Notice that it violated 49 C.F.R. Part 195, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.404(a), which states in relevant part:

§ 195.404 Maps and records.

(a) Each operator shall maintain current maps and records of its pipeline systems that include at least the following information:

(1)

(2) All crossings of public roads, railroads, rivers, buried utilities, and foreign pipelines.

The Notice alleged that Respondent violated 49 C.F.R. § 195.404(a)(2) by failing to maintain a current map of its pipeline system, including all crossings of buried utilities and foreign pipelines. Specifically, the Notice alleged that Magellan failed to maintain a current map of its new 10-inch pipeline from McPherson, Kansas, to Andale, Kansas, that showed crossings with several other pipelines. Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.404(a) by failing to maintain a current map of its 10-inch pipeline from McPherson, Kansas, to Andale, Kansas, including all crossings of buried utilities and foreign pipelines.

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

ASSESSMENT OF PENALTY

Item 1: The Notice proposed a civil penalty of \$23,800 for Respondent's violation of 49 C.F.R. § 195.404(a), for failing to maintain a current map of its pipeline system, including all crossings of buried utilities and foreign pipelines. Magellan neither contested the allegation nor presented any evidence or argument justifying a reduction in the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$23,800 for violation of 49 C.F.R. § 195.404(a), which amount has already been paid by Respondent.

WARNING ITEMS

With respect to Items 2 through 7, the Notice alleged probable violations of Part 195 but did not propose a civil penalty or compliance order for these items. Therefore, these are considered to be warning items. The warnings were for:

49 C.F.R. § 195.404(c) (**Item 2**) — Respondent's alleged failure to maintain records of its inspections of the control valves at pump stations for two years;

49 C.F.R. § 195.428(a) (**Item 3**) — Respondent’s alleged failure to inspect and test each item of pressure control equipment to determine that it was functioning properly, was in good mechanical condition, and was adequate for the service for which it was used at the required intervals;

49 C.F.R. § 195.432(b) (**Item 4**) — Respondent’s alleged failure to inspect the physical integrity of an in-service steel aboveground breakout tank according to section 4 of API Standard 453;

49 C.F.R. § 195.583(a) (**Item 5**) — Respondent’s alleged failure to inspect each pipeline exposed to the atmosphere for evidence of atmospheric corrosion, at least once every 3 calendar years but at intervals not exceeding 39 months;

49 C.F.R. § 195.573(c) (**Item 6**) — Respondent’s alleged failure to electrically check rectifiers for proper performance at least 6 times each calendar year, but at intervals not exceeding 2½ months; and

49 C.F.R. § 195.589(c) (**Item 7**) — Respondent’s alleged failure to maintain the required records of annual cathodic protection surveys.

Magellan did not dispute any of these items in its Response. Accordingly, I find, pursuant to 49 C.F.R. § 190.205, that probable violations of 49 C.F.R. §§ 195.404(c) (Notice Item 2), 195.428(a) (Notice Item 3), 195.432(b) (Notice Item 4), 195.583(a) (Notice Item 5), 195.573(c) (Notice Item 6), and 195.589(c) (Notice Item 7) have occurred and Respondent is hereby advised to correct such conditions. In the event that OPS finds a violation of any of these items in a subsequent inspection, Respondent may be subject to future enforcement action.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued