

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

VIA ELECTRONIC MAIL TO: Mike.Mears@magellanlp.com and
Laurie.England@magellanlp.com

October 20, 2021

Michael Mears
CEO
Magellan Midstream Partners
P.O. Box 22186
Tulsa, OK 74121

CPF 3-2021-067-NOPV

Dear Mr. Mears:

From March 9, 2020 - April 3, 2021, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected your Texas Inspection System - 3220. The Texas system consists of 46 breakout tanks and approximately 1017 miles of refined products pipelines from El Paso to Odessa. Procedures and records were reviewed both at the headquarters and in the field and a field inspection was conducted across all 3 units.

As a result of the inspection, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

1. § 195.452 - Pipeline integrity management in high consequence areas.

(1) What records must an operator keep to demonstrate compliance?

- (1) An operator must maintain, for the useful life of the pipeline, records that demonstrate compliance with the requirements of this subpart. At a minimum, an operator must maintain the following records for review during an inspection:**
- (ii) Documents to support the decisions and analyses, including any modifications, justifications, deviations and determinations made, variances, and actions taken, to implement and evaluate each element of the integrity management program listed in paragraph (f) of this section.**

Magellan failed to complete and maintain documents to support the decisions and analyses, including any modifications, justifications, deviations and determinations made, variances, and actions taken, to implement and evaluate each element of the integrity management program. Specifically, Magellan failed to complete a record to substantiate that the operator integrated other data/information when evaluating ILI tool data/results. The operator states that this integration takes place during the "Dig List Review" meetings but are not documented. Additionally, Magellan failed to document the decisions involved in moving the Tye to Staton 16" reassessment from 5 years to 3 years and then back to 5 years for the assessments that took place in 2013, 2016 and scheduled for 2021.

2. § 195.573 - What must I do to monitor external corrosion control?

- (a) Protected pipelines. You must do the following to determine whether cathodic protection required by this subpart complies with § 195.571:**

- (1) Conduct tests on the protected pipeline at least once each calendar year, but with intervals not exceeding 15 months. However, if tests at those intervals are impractical for separately protected short sections of bare or ineffectively coated pipelines, testing may be done at least once every 3 calendar years, but with intervals not exceeding 39 months.**

Magellan failed to conduct tests on the protected pipeline at least once each calendar year, but with intervals not exceeding 15 months. A review of Magellan's corrosion-control records showed 46 missing cathodic protection inspections and 3 inspections exceeding 15 months on the Odessa to El Paso Unit.

3. § 195.573 - What must I do to monitor external corrosion control?

- (c) Rectifiers and other devices. You must electrically check for proper performance each device in the first column at the frequency stated in the second column.**

Device	Check frequency
Rectifier	At least six times each calendar year, but with intervals not exceeding 2½ months.
Reverse current switch	
Diode	

Interference bond whose failure would jeopardize structural protection	
Other interference bond	At least once each calendar year, but with intervals not exceeding 15 months.

Magellan failed to electrically check for proper performance of rectifiers at least six times each calendar year, at intervals not to exceed 2½ months. As identified during the PHMSA inspection of Magellan’s corrosion-control records, 15 checks were not completed on the following rectifier:

- Line Segment 6936, MP 107.955 - Missing 15 readings in 2017, 2018 and 2019.

Magellan also failed to electrically check for the proper performance of critical interference bonds at least six times each calendar year, at intervals not to exceed 2½ months and other interference bonds at least once each calendar year, but with intervals not exceeding 15 months. As identified during the inspection of Magellan’s corrosion-control records, a total of 9 checks were missed. There were 3 checks not completed on the following critical bond and 6 checks were not completed on the other interference bonds as listed below.

Critical Bond:

- Line Segment 6936, MP 88.07 - Missing the first 3 reading of 2019, considered non-critical after 8/6/2019.

Non-critical bonds:

- Line Segment 6936, MP 49.595 - Missing readings in 2017 and 2018, a total of 2 checks.
- Line Segment 6936, MP 100.887 - Missing readings in 2017 and 2018, a total of 2 checks.
- Line Segment 6936, MP 113.212 - Missing readings in 2017 and 2018, a total of 2 checks.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019 and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations. We

have reviewed the circumstances and supporting documentation involved for the above probable violation(s) and recommend that you be preliminarily assessed a civil penalty of **\$66,800** as follows:

Item Number	Penalty
2	\$23,100
3	\$43,700

Warning Items

With respect to item 1 we have reviewed the circumstances and supporting documents involved in this case and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to promptly correct this item. Failure to do so may result in additional enforcement action.

Response to this Notice

Enclosed as part of this Notice is a document entitled Response Options for Pipeline Operators in Enforcement Proceedings. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be 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).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR §190.211. 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. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to CPF 3-2021-067-NOPV and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Gregory A. Ochs
Director, Central, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

Enclosures:

Response Options for Pipeline Operators in Enforcement Proceedings

CC: Laurie England - Laurie.England@magellanlp.com