



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

8701 South Gessner, Suite 1110
Houston, TX 77074

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 24, 2015

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 4-2015-5019

Dear Mr. Pearson:

On November 17 – December 5, 2014, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code inspected your Control Room Management Program in Tulsa, Oklahoma.

As a result of the inspection, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The item inspected and the probable violation is:

1. §195.64 National Registry of Pipeline and LNG Operators.

(c) Changes. Each operator must notify PHMSA electronically through the National Registry of Pipeline and LNG Operators at <http://opsweb.phmsa.dot.gov>, of certain events.

(1) An operator must notify PHMSA of any of the following events not later than 60 days before the event occurs:

(i) Construction or any planned rehabilitation, replacement, modification, upgrade, uprate, or update of a facility, other than a section of line pipe, that costs \$10 million or

more. If 60 day notice is not feasible because of an emergency, an operator must notify PHMSA as soon as practicable;

- (ii) Construction of 10 or more miles of a new hazardous liquid pipeline; or
- (iii) Construction of a new pipeline facility.

(2) An operator must notify PHMSA of any following event not later than 60 days after the event occurs:

- (i) A change in the primary entity responsible (i.e., with an assigned OPID) for managing or administering a safety program required by this part covering pipeline facilities operated under multiple OPIDs.
- (ii) A change in the name of the operator;
- (iii) A change in the entity (e.g., company, municipality) responsible for operating an existing pipeline, pipeline segment, or pipeline facility;
- (iv) The acquisition or divestiture of 50 or more miles of pipeline or pipeline system subject to this part; or
- (v) The acquisition or divestiture of an existing pipeline facility subject to this part.

At the time of the inspection Magellan had not notified PHMSA of a change in the operation of the 127 mile section of line from Northern Oklahoma to Southern Kansas. In February 29, 2012 Magellan divested these assets to Coffeyville Resources Crude Transportation, LLC.

Magellan's procedures, Filing Matrix 14.03-ADM-003 and SIP-ADM-14.03, section 3.5.4. indicates that PHMSA will be notified electronically through the National Registry of Pipeline of a change by the entity responsible for operating an existing pipeline segment. Magellan compliance personnel stated that the Business Development Group did not notify the compliance group about this line being leased; consequently it was not reported to PHMSA.

2. §195.264 Impoundment, protection against entry, normal/emergency venting or pressure/vacuum relief for aboveground breakout tanks.

(a) A means must be provided for containing hazardous liquids in the event of spillage or failure of an aboveground breakout tanks.

(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).

Magellan Tank Dike capacity or impoundment records indicated that impoundment capacities for three breakout tanks at the Barnsdall Station are insufficient as required by NFPA 30 and §195.264(b)(1).

During the record inspection, the PHMSA inspector identified that the tank dike capacity area for tanks 1003, 1213 and 1214 at the Barnsdall Station located in Barnsdall, OK are insufficient. For Tank 1003, the dike volume capacity is 21,023 bbl. and the capacity of the tank is 29,950 bbl. For Tank 1213, the dike volume capacity is 85,966 bbl. and the capacity of the tank is 114,130 bbl. For Tank 1214, the dike volume capacity is 85,966 and tank capacity of 107,108 bbl.

Magellan must, in accordance with §195.264(b)(1) after October 2, 2000, ensure that the installation of impoundment for aboveground breakout tanks built to API Specification 12F, API Standard 620, and others (such as API Standard 650 or its predecessor Standard 12C), be in accordance with the following sections of NFPA 30.

Warning Item

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 these items. Be advised that failure to do so may result in Magellan being subject to additional enforcement action.

Proposed Compliance Order

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

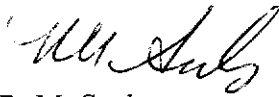
Response to this Notice

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 4-2015-5019** 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 Pipe Line, LP with the pipeline safety regulations:

1. In regard to Item Number 2 of the Notice pertaining to the failure of Magellan to ensure that the requirements of §195.264, Magellan must:

Ensure that the tank dike capacity area for tanks 1003, 1213 and 1214 at the Barnsdall Station located in Barnsdall, OK are sufficient for the associated tank volumes as required by §195.264, within 120 days of the issuance of a Final Order,

2. Notify the OPS Southwest Region of the planned date(s) for performing modifications to each tank impoundment at least 30 days prior to modifying the impoundment.
3. Notify the OPS Southwest Region when each impoundment modification has been completed.
4. It is requested (not mandated) that Magellan maintain documentation of the safety improvements 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.