



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

409 3rd Street, SW, Suite 300
Washington, DC 20024

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 7, 2007

Mr. Rick A. Olson
Vice President
Pipeline Operations and Technical Services
Magellan Terminals Holdings, LP
One Williams Center
PO Box 22186 MD 28-6
Tulsa, OK 74121-2186

CPF 1-2007-6003W

Dear Mr. Olson:

During the week of June 11, 2007, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your liquid pipeline and associated breakout tanks in New Haven and Hamden, CT.

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 items inspected and the probable violation is:

1. §195.567 Which pipelines must have test leads and what must I do to install and maintain the leads?

(a) General. Except for offshore pipelines, each buried or submerged pipeline or segment of pipeline under cathodic protection required by this subpart must have electrical test leads for external corrosion control. However, this requirement does not apply until December 27, 2004 to pipelines or pipeline segments on which test leads were not required by regulations in effect before January 28, 2002.

Magellan has 23 test stations to monitor external corrosion on the 2.67 mile pipeline of which one mile of the pipeline is belowground. That one mile of belowground pipeline consists of numerous segments that go below the ground and resurface. Magellan monitors for external corrosion at the points where the pipeline enters and leaves the ground. The Magellan pipeline was not required to have test leads prior to January 28, 2002, but has been required by §195.567(a) to have test leads by December 27, 2004.

With the exception of two test points with leads, the inspector observed Magellan taking pipe to soil readings with the test probe contacting the pipe at coating flaws identified as test stations. Repeatedly using the pipe as test points may create a location for the development of atmospheric corrosion.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. 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 correct the item identified in this letter. Failure to do so will result in Magellan being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 1-2007-6003W**. 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).

Sincerely,

For Mark Wendoff

Byron Coy, PE
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration