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Ergon Terminaling, Inc.

CERTIFIED MAIL: 7016 1970 0000 0172 3585

March 23, 2017

U.S. Department of Transportation
Pipeline and Hazardous Materials Safety Administration
820 Bear Tavern Road, Suite 103
ATTN: Robert Burrough

Re: CPF 1-2017-5005M

Dear Mr. Burrough:

We received your Notice of Amendment letter dated February 27, 2017 for Ergon's Operation and Maintenance (O&M) Manual for our pipeline located in Magnolia, Ohio. Attached are the changes that we have made to our O&M Manual that we feel correct the stated findings.

If you should have any additional questions, please feel free to contact me.

Sincerely

Ergon Terminaling, Inc. – Magnolia Pipeline

Austin Moody
Environmental Engineer
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Enclosures

Cc: Craig Rohr: ETI – Magnolia Pipeline
File (225-E-09-454-)

Response to PHSMA Notice of Amendment Findings

Magnolia OH Pipeline Audit September 2015

1. **Regarding the annual review of the O&M Manual:**

The following statement will be added to Section 9.0 Review and Update Procedures.

This Operating and Maintenance Manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year by operating personnel and the Facility Manager. Appropriate changes will be made as necessary to ensure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence and appropriate parts shall be kept at locations where operations and maintenance activities are conducted. A complete hard copy will be kept in the Facility Managers office as well as an electronic copy in the Ergon shared system. A record of the annual review will be kept of file with the hard copy at the Facility Managers office.

2. **Regarding the establishment of the MOP in accordance with 195.409:**

The following language will be added to section 3.1 Maximum Operating Pressure.

The design pressure of any other component of the pipeline which includes; 5 Cameron Isolation valves, two Force Class 600 8" mechanically operated valves and a Pig Launcher and Receiver with a PISG of 1424 per manufacturers plate specifications. The design pressure for pipeline components is based on the manufacturers rating as determined by ASME. All above ground piping, valves and equipment are ASME Sch. 40 with 600# minimum flanges. The MOP of 600# flanges in ambient conditions is 1480 PSIG. Therefore the weakest component in the system is the pipeline itself. Ergon Engineering of Jackson Mississippi or a qualified industry consultant working on behalf of Ergon Engineering shall have the responsibility of performing calculations. Copies of all documentation will be kept at the Ergon Magnolia Ohio facility as well as Ergon Engineering in Jackson MS.

The entire pipeline and all components were Hydro Tested in 2005 and records are available in the Magnolia office. Replacement pipe used for repairs or replacements is Hydro tested as well in accordance with approved procedures.

3. **Regarding the Hydrostatic Testing Procedure not being referenced in the O&M Manual:**

The following language will be added to the last paragraph of section 3.1.

Should Ergon Terminaling determine that there is a need to conduct hydrostatic testing to validate or recalculate pipeline strength the Hydrostatic Testing Procedure can be found in Appendix E of the O&M Manual. (Note: the Hydrostatic Testing Procedure was not updated at the time of the O&M Manual update due to the fact that it was not at the time considered part of the O&M Manual and it did not require any revisions. This procedure is now included as an appendix to the O&M Manual and will be part of the next annual review.)

4. **Regarding clarification of information involving Right of Way Inspections:**

The following language will be added to the first paragraph of section 3.11.

The Facility Manager will review all Right of Way inspection reports, keep an electronic copy and provide the Facility Pipeline Specialist with a hard copy that will be kept on file at the Magnolia Facility for a period of two years. The Pipeline Specialist will follow up on any items of interest. Priority will be assigned based on the potential impact to the pipeline and risk to public safety. Documentation will be required based on the risk factor involved. Documentation will include pictures and an incident report. Documentation will be kept at the Magnolia Facility by the Facility Manager for a period of 3 years. Visual land inspections are done at a minimum of once per month or on an as needed basis. An as needed basis would be defined as a time when conditions do not permit an aerial inspection for a period exceeding 14 days.

5. **Regarding the Testing of Overpressure Protection Safety Devices:**

All of the language in section 3.8 needs to be replaced with the following.

Each pressure limiting device, relief valve, pressure regulator or other item of pressure control equipment shall be inspected and tested at least once each calendar year at intervals not exceeding 15 months.

The purpose of the inspection and or test is to ensure that the device is:

Functioning properly

In good mechanical condition

Adequate from the standpoint of capacity and reliability of operation for the service in which it is used

Set to function at the correct pressure

Properly installed and protected from foreign materials or other conditions that might prevent proper operation.

Where feasible these pressure limiting devices shall be tested in place to ascertain that they function at the desired pressure settings.

Any equipment found to be defective during the inspection shall be repaired or replaced. If a device is removed to be repaired or tested, a pre-tested device shall be installed in its place to provide adequate protection.

The Corporate Engineering Department shall be responsible for assigning overpressure safety device settings and pressure control limits in accordance with applicable codes.

The Magnolia Facility Manager or qualified designee shall be responsible for implementing these instructions, performing the inspection and test and preparing the proper reports. Reports will be kept on file at the Magnolia facility for a period of 3 years.

6. **Regarding Atmospheric Corrosion Inspections for exposed portions of the pipeline:**

The following language will be added to section 3.2 paragraph 15.

The Atmospheric Corrosion Inspection of exposed portions of the pipeline shall be conducted by the Facility Manager or a qualified designee. If atmospheric corrosion is found during an inspection it will be measured with a pit gauge and documented on the annual corrosion inspection form. Remedial measures which will include cleaning, priming and the application of an approved outdoor coating product will be completed within 60 days. The completed actions will be documented with photographs that will be filed with the original Annual Corrosion Inspection Report at the Magnolia Facility for a minimum of 3 years.

7. **Regarding the assessment of the integrity of the underground portion of the soil to air interface when the visual inspection of the aboveground portion indicates bare pipe or damaged or disbanded coating:**

The following language will be added to the end of the statement above from section 3.2 paragraph 15.

Ergon assesses the integrity of all underground pipelines through the use of ILI tools at regularly scheduled intervals as outlined in 49 CFR 195.120. The exception would be external damage to the exposed portion of the pipeline resulting from an accident or as a result of some type of unauthorized encroachment. In such a case the underground portion would be excavated and the pipe inspected and assessed by qualified Ergon personnel or a qualified contractor employed by Ergon for that purpose. Repair work will be scheduled by Ergon Corporate Maintenance based on the results of the assessment. Repairs will be documented and photographed and kept on file at the Magnolia Facility for the life of the pipeline.

8. **Regarding the selection of acceptable paint and coating products:**

The following statement will be added to section 3.2 paragraph 15.

Pipeline coatings and paints are selected based on the Ergon approved list found in the Ergon Painting Procedure Document. This procedure has been developed in association with the paint and coatings industry and approved by Ergon Engineering. A copy of this document can be found in Appendix F.

(We will add the procedure as Appendix F)

(I believe that all other points in finding 8 have been addressed in the other responses relating to section 3.2.)