April 16, 2014

Mr. Craig Pierson, President
Marathon Pipe Line LLC
539 S. Main Street, Room 702-M
Findlay, OH 45840

Dear Mr. Pierson:

On June 11 - November 30, 2012, and February 27, 2014, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Southern and Central Regions, Office of Pipeline Safety (OPS) inspected the Marathon Pipe Line LLC (Marathon) procedures and records, in Findley, Ohio, pursuant to Chapter 601 of 49 United States Code,

As a result of the inspection, it appears that Marathon has committed probable violations of the Pipeline Safety Regulations in Title 49 of the Code of Federal Regulations. The items inspected and the probable violations are as follows:

1. §195.401 General requirements.
   ... (b) An operator must make repairs on its pipeline system according to the following requirements:
   (1) Non Integrity management repairs. Whenever an operator discovers any condition that could adversely affect the safe operation of its pipeline system, it must correct the condition within a reasonable time. However, if the condition is of such a nature that it presents an immediate hazard to persons or property, the operator may not operate the affected part of the system until it has corrected the unsafe condition.

Marathon did not make non-integrity repairs on an above ground breakout tank within a reasonable time after it discovered a condition that could adversely affect the safe operation of its pipeline system.
On June 8, 2007, Marathon completed an American Petroleum Institute Standard 653 (API 653) internal inspection of its above ground breakout tank # 1220 in Lima, Ohio, as required by §195.432(b). The tank inspection was documented in Marathon’s Tank 1220 Evaluation Report dated July 26, 2007. The report identified areas of settlement exceeding 100% of the API 653 allowable values and recommended replacing the tank’s bottom plates or performing an additional Finite Element Analysis (FEA). API 653 Section 6.9.3.2 also requires an operator to review its inspection findings and recommendations, and to establish a repair scope with appropriate timing for repair, monitoring, and/or maintenance activities.

After PHMSA inspectors discovered that Marathon had not taken action to address the settlement, Marathon chose to complete an FEA and not replace the tank bottom plates; however, Marathon did not complete the FEA on Tank 1220 until July 2012; more than 5 years after Marathon discovered the condition. Moreover, it did not implement its Lima Tank 1220 Edge Settlement Monitoring Plan until August 2012.

2. §195.402 Procedural manual for operations, maintenance, and emergencies.
   (a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure 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.

   Marathon did not follow its procedures for energy isolation when performing maintenance at Effingham Station on August 23, 2012.

   Marathon’s energy isolation procedures required that an Energy Isolation Plan (EIP) be prepared, approved, and followed when performing certain maintenance functions. Marathon personnel prepared an EIP, which was approved for the maintenance work on pump 3 at Effingham Station on August 23, 2012. In performing this maintenance work, Marathon personnel modified the approved EIP but did not get the modified EIP reapproved per Marathon’s procedures before implementing the modifications and before continuing the maintenance work.

3. §195.406 Maximum operating pressure.
   ... (b) No operator may permit the pressure in a pipeline during surges or other variations from normal operations to exceed 110 percent of the operating pressure limit established under paragraph (a) of this section. Each operator must provide adequate controls and protective equipment to control the pressure within this limit.

   Marathon exceeded 110% of the maximum operating pressure (MOP) of its Patoka - Martinsville 20-inch crude oil pipeline and some station piping at Effingham Station on August 23, 2012.
While performing maintenance work on pump #3 at Effingham Station, Marathon exceeded 110% of the MOP for the Patoka - Martinsville 20-inch crude oil pipeline and some station piping in Effingham Station. Marathon personnel isolated the Patoka - Martinsville 20-inch crude oil pipeline and Effingham Station piping by closing main line valves BV1 and BV2 in Effingham Station, and the station suction and discharge valves. The isolated Patoka - Martinsville 20-inch crude oil pipeline had an MOP of 1,033 psig from valve BV1 to check valve CK5 and an MOP of 1,044 psig from check valve CK5 to valve BV2. The station piping isolated by the main line valves and station valves also had MOPs of 1,033 psig and 1,044 psig. At 14:47 the station sump pump began running and pressurized the main line and station piping and the pressure reached 1,161 psig (112% of 1,033 psig and 111% of 1,044 psig) at 14:48 and at least 1,499 psig at 14:49. The sump pump stopped due to a starter failure at 14:50. The pressure remained above 1,138 psig until 15:44.

Proposed Civil Penalty

Under 49 United States Code, §60122, you are subject to a civil penalty not to exceed $200,000 per violation per day the violation persists up to a maximum of $2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed $100,000 per violation per day, with a maximum penalty not to exceed $1,000,000 for a related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of $30,200 as follows:

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<tr>
<th>Item number</th>
<th>PENALTY</th>
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<td>$30,200</td>
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Warning Items

With respect to items 2 and 3 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 item(s). 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 Compliance 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). 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 2-2014-5002 and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Wayne T. Lemoi  
Director, Office of Pipeline Safety  
PHMSA Southern Region

Enclosures: Response Options for Pipeline Operators in Compliance Proceedings