



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

901 Locust Street, Suite 462
Kansas City, MO 64106-2641

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 5, 2007

Mr. Craig O. Pierson
Vice President, Operations
Marathon Pipe Line, LLC
539 South Main Street
Findlay, Ohio 45840-3295

CPF 3-2007-5024

Dear Mr. Pierson:

On April 17 to 20, 2006, June 5 to 8, 2006, June 19 to 23, 2006, Sept 24 to 28, 2006, Dec 5 to 8, 2006, and Feb 12 to 16, 2007, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your pipelines and facilities in Ohio, Michigan, Indiana, and Illinois.

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

1. **§195.412 Inspection of rights-of-way and crossings under navigable waters.**
 - (a) **Each operator shall, at intervals not exceeding 3 weeks, but at least 26 times each calendar year, inspect the surface conditions on or adjacent to each pipeline right-of-way. Methods of inspection include walking, driving, flying or other appropriate means of traversing the right-of-way.**

Marathon Pipe Line (MPL) did not inspect surface conditions on a section of right-of-way on the RIO Pipeline from 841+40 to 862+50. This area is in the vicinity of Breckenridge Drive, Power Drive, Doty Lane, and Bridger Drive North all in Carmel, IN.

MPL uses aerial patrolling to inspect the condition of this pipeline right-of-way. The right-of-way was found to be overgrown at this location, making aerial patrolling an ineffective means of inspecting the pipeline right-of-way. MPL did not use any other method to patrol this section of pipeline right-of-way.

2. **§195.420 Valve maintenance.**

(a) Each operator shall maintain each valve that is necessary for the safe operation of its pipeline systems in good working order at all times.

MPL did not keep the AMO main line block valve on the RIO pipeline in good working order at all times. During the audit, on Dec. 8, 2006, MPL's personnel attempted to close the valve without success. MPL's subsequent investigation revealed the valve failed to close due to a failed below ground seal which allowed water to accumulate in the valve extension. This water froze preventing the valve from operating.

3. **§195.563 Which pipelines must have cathodic protection?**

(a) Each buried or submerged pipeline that is constructed, relocated, replaced, or otherwise changed after the applicable date in Sec. 195.401(c) must have cathodic protection. The cathodic protection must be in operation not later than 1 year after the pipeline is constructed, relocated, replaced, or otherwise changed, as applicable.

MPL did not place adequate cathodic protection on a new section of pipeline within 1 year of the in-service date. This new section of pipeline (relief line) is located on the Patoka - Robinson 20" crude oil pipeline between the relief valve manifold and the relief tank number 2003 at the Robinson Refinery. During the new relief line's construction insulators were installed on the outlet side of the relief valve manifold, thereby isolating the relief line from main line cathodic protection. This new relief line was placed in-service on July 14, 2005. During the audit in August 2006, cathodic protection potentials between -0.558 and -0.663 volts were observed on the west end of this relief line. After the audit, MPL remediated the inadequate cathodic protection potentials by installing a bond across the insulators, thereby allowing cathodic protection current from the main line to protect this relief line.

4. **§195.575 Which facilities must I electrically isolate and what inspections, tests, and safeguards are required?**

- (a) You must electrically isolate each buried or submerged pipeline from other metallic structures, unless you electrically interconnect and cathodically protect the pipeline and the other structures as a single unit.**
- (c) You must inspect and electrically test each electrical isolation to assure the isolation is adequate.**

MPL did not obtain cathodic protection readings at casings located at 1561+66 on the RIO pipeline and 3771+84 on the 22" crude oil pipeline.

The previous operator of the RIO pipeline made it their operational practice to weld a split casing around above ground spans to protect the carrier pipe from atmospheric corrosion. The exposed casing on the RIO pipeline appears to be one of these installed casings. Both ends of this casing are buried and the center section of the casing is exposed to the atmosphere as it crosses a farm ditch. There is no test station at this location and this location is not on the annual survey list. Additionally, there have not been any CP readings taken at this location of either the carrier pipe or casing.

At 3771+84 on the 22" crude oil pipeline the alignment sheet indicates a below ground casing. The casing is associated with a railroad right-of-way. Personnel indicated that there is a casing at this location without a test station. MPL has not been obtaining CP readings of either the casing or carrier pipe at this location.

5. §195.589 What corrosion control information do I have to maintain?

- (c) You must maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist.**

§195.569 Do I have to examine exposed portions of buried pipelines?

Whenever you have knowledge that any portion of a buried pipeline is exposed, you must examine the exposed portion for evidence of external corrosion if the pipe is bare, or if the coating is deteriorated.

§195.579 What must I do to mitigate internal corrosion?

- (c) Removing pipe. Whenever you remove pipe from a pipeline, you must inspect the internal surface of the pipe for evidence of corrosion.**

MPL did not accurately document the inspection of pipe for corrosion on the Princeton - Robinson 4" LPG pipeline at 150+32 and at a pump station upgrade on the Lima - Canton crude oil pipeline.

On or about 4-18-05, an exposure on the Princeton - Robinson 4" LPG pipeline at 150+32 was discovered by MPL personnel. A MPL Land & Pipe Management Report (L&PMR) was partially completed for this exposure, but the Pipe and Soil Data section of the L&PMR was not completed. This uncompleted section of the L&PMR should have contained information regarding external corrosion and coating condition of the exposure as required by 195.569.

On the Lima - Canton Crude System during 2005, your personnel completed an upgrade of the Harpster pump station. New pumping equipment and associated piping was installed. MPL did not document internal inspections of the removed piping. A L&PMR was found for the project on a CD in the project files, but the form was not completed for internal inspection of pipe. After the audit, your personnel attempted to find the pipe to re-inspect, but were unable to locate it. As a result, they provided signed statements indicating that the pipe was originally inspected at the time of removal and that no internal corrosion was found.

6. **§195.583 What must I do to monitor atmospheric corrosion control?**

(a) You must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion...

(b) During inspections you must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.

MPL did not complete atmospheric corrosion inspections as required by 195.583 at the following locations:

During the audits, 3 exposures were discovered, 1 on the RIO and 2 on the #2-10", 2 exposures were underwater at the time of the audits, and all 3 were associated with small streams. The approximate locations of the exposures are at 862+50 on the RIO, at 5725+00 on the #2-10", and at 5645+41 on the #2-10". Due to the seasonal water fluctuations of these small stream crossings of the pipelines, these exposures could require atmospheric corrosion inspection. These exposures were not on MPL's list of areas requiring atmospheric corrosion inspections.

At breakout tank 1270 at Martinsville there is thermal insulation on the main inlet/outlet piping of the tank, an atmospheric corrosion inspection under this thermal insulation has not been completed as required by 195.583 (b).

On the 22" crude pipeline there is an underground densitometer located near Lebanon, IN at approximate engineering station 4869+79. This densitometer is located in an underground vault with a section of main line piping exposed to the atmosphere. This location is not on MPL's list of areas requiring atmospheric corrosion inspections and was not inspected for atmospheric corrosion.

Additionally, on the Woodhaven 4" butane pipeline at the Marathon Detroit Refinery there is main line butane piping that is located on pipe supports approximately 50' off the ground. Documentation supports this piping was atmospherically inspected on 7-07-2004 and 5-25-2005 but photographic records and further investigation revealed that the contractor completing the atmospheric corrosion inspection did not have lifts or ladders available to provide for an up-close examination of the top of the pipe or at the pipe supports. MPL did not do an adequate inspection of this above ground section of pipeline for atmospheric corrosion.

Proposed Civil Penalty

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. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violations and has recommended that you be preliminarily assessed a civil penalty of \$82,000 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$ 38,000
3	\$ 32,000
5	\$ 12,000

Warning Items

With respect to items 2, 4, and 6 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 Marathon Pipe Line being subject to 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. 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 3-2007-5024** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ivan A. Huntoon".

Ivan A. Huntoon
Director, Central Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*

Response Options for Pipeline Operators in Compliance Proceedings

The requirements of 49 C.F.R. Part 190, Subpart B (§§ 190.201–190.237) govern response to Notices issued by a Regional Director, Pipeline and Hazardous Materials Safety Administration (PHMSA).

Be advised that all material submitted by a respondent in response to an 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).

I. Procedures for Responding to a NOTICE OF PROBABLE VIOLATION:

Within 30 days of receipt of a Notice of Probable Violation, the respondent shall respond to the Regional Director who issued the Notice in the following way:

a. When the Notice contains a proposed CIVIL PENALTY* --

1. Pay the proposed civil penalty and advise the Regional Director of the payment. This authorizes PHMSA to make findings and to close the case with prejudice to the respondent. Payment terms are outlined below;
2. Submit written explanations, information, or other materials in response to the allegations and/or seek elimination or mitigation of the proposed civil penalty. Refer to 49 C.F.R. § 190.225 for assessment considerations, which include the respondent's ability to pay and the effect on the respondent's ability to stay in business, upon which civil penalties are based; or
3. Request a hearing as described below to contest the allegations and/or proposed assessment of a civil penalty.

b. When the Notice contains a proposed COMPLIANCE ORDER* --

1. Notify the Regional Director that you intend to take the steps in the proposed compliance order;
2. Submit written explanations, information, or other materials in answer to the allegations in the Notice and object to or seek clarification of the proposed compliance order items in whole or in part; or
3. Request a hearing as described below to contest the allegations and/or proposed compliance order items;

c. When the Notice contains a **WARNING ITEM** --

No written response is required. The respondent is warned that if it does not take appropriate action to correct these items, enforcement action will be taken if a subsequent inspection reveals a violation.

* Failure of the respondent to respond to the Notice within 30 days of receipt constitutes a waiver of the right to contest the allegations in the Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in the Notice without further notice to the respondent and to issue a Final Order.

II. **Procedures for Responding to a NOTICE OF AMENDMENT*--**

Within 30 days of receipt of a Notice of Amendment, the respondent shall respond to the Regional Director who issued the Notice in the following way:

- a. Notify the Regional Director of your plans to address the inadequacies identified in the Notice;
- b. Submit written explanations, information, or other materials in answer to the allegations in the Notice and/or object to or seek clarification of the proposed amendment items in whole or in part; or
- c. Request a hearing as described below to contest the allegations in the Notice.

* Failure of the respondent to respond to the Notice within 30 days of receipt constitutes a waiver of the right to contest the allegations in the Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in the Notice without further notice to the respondent and to issue a Final Order.

III. **Procedure for Requesting a Hearing**

A request for a hearing must be in writing and accompanied by a statement of the issues that the respondent intends to raise at the hearing. The issues may relate to the allegations, new information, or to the proposed compliance order or proposed civil penalty amount. Refer to 49 C.F.R. § 190.225 for assessment considerations upon which civil penalties are based. A respondent's failure to specify an issue may result in waiver of the right to raise that issue at the hearing. The respondent's request must also indicate whether or not respondent will be represented by counsel at the hearing. Failure to request a hearing in writing within 30 days of receipt of a Notice waives the right to a hearing. In addition, if the amount of the proposed civil penalty or the proposed corrective action is less than \$10,000, the hearing will be held by telephone, unless the respondent submits a written request for an in-person hearing. Complete hearing procedures can be found at 49 C.F.R. § 190.211.

IV. **Extensions of Time**

An extension of time to prepare an appropriate response to a Notice may be granted, at the agency's discretion, following submittal of a written request to the Regional Director. The request must indicate the amount of time needed and the reasons for the extension. The request must be submitted within 30 days of receipt of the Notice.

V. **Freedom of Information Act**

Any material prepared by PHMSA, including the violation report, the Notice, and any order issued in this case, and any material provided to PHMSA by the respondent, may be considered public information and subject to disclosure under the Freedom of Information Act (FOIA). If the information you provide is security sensitive, privileged, confidential or may cause your company competitive disadvantages, please clearly identify the material and provide justification why the documents, or portions of a document, should not be released under FOIA. If we receive a request for your material, we will notify you if PHMSA, after reviewing the materials and your provided justification, determines that withholding the materials does not meet any exemption provided under the FOIA. You may appeal the agency's decision to release material under the FOIA at that time. Your appeal will stay the release of those materials until a final decision is made.

VI. **Small Business Regulatory Enforcement Fairness Act Information**

The Small Business and Agricultural Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards were established to receive comments from small businesses about federal agency enforcement actions. The Ombudsman will annually evaluate the enforcement activities and rate each agency's responsiveness to small business. If you wish to comment on the enforcement actions of the Pipeline and Hazardous Materials Safety Administration, call 1-888-REG-FAIR (1-888-734-3247) or go to http://www.sba.gov/ombudsman/dsp_faq.html.

VII. PAYMENT INSTRUCTIONS

Civil Penalty Payments of Less Than \$10,000

Payment of a civil penalty of less than \$10,000 proposed or assessed, under Subpart B of Part 190 of the Pipeline Safety Regulations can be made by certified check, money order or wire transfer. Payment by certified check or money order (containing the CPF Number for this case) should be made payable to the "Department of Transportation" and should be sent to:

Federal Aviation Administration
 Mike Monroney Aeronautical Center
 Financial Operations Division (AMZ-341) P.O. Box 25082
 Oklahoma City, OK 73125-4915

Wire transfer payments of less than \$10,000 may be made through the Federal Reserve Communications System (Fedwire) to the account of the U.S. Treasury. Detailed instructions are provided below. Questions concerning wire transfer should be directed to the Financial Operations Division at (405) 954-8893, or at the above address.

Civil Penalty Payments of \$10,000 or more

Payment of a civil penalty of \$10,000 or more proposed or assessed under Subpart B of Part 190 of the Pipeline Safety Regulations must be made wire transfer (49 C.F.R. § 89.21 (b)(3)), through the Federal Reserve Communications System (Fedwire) to the account of the U.S. Treasury. Detailed instructions are provided below. Questions concerning wire transfers should be directed to the Financial Operations Division at (405) 954-8893, or at the above address.

INSTRUCTIONS FOR ELECTRONIC FUND TRANSFERS

(1) <u>RECEIVER ABA NO.</u> 021030004	(2) <u>TYPE/SUB-TYPE</u> (Provided by sending bank)
(3) <u>SENDING BANK ABA NO.</u> (Provided by sending bank)	(4) <u>SENDING BANK REF NO.</u> (Provided by sending bank)
(5) <u>AMOUNT</u>	(6) <u>SENDING BANK NAME</u> (Provided by sending bank)
(7) <u>RECEIVER NAME</u> TREAS NYC	(8) <u>PRODUCT CODE</u> (Normally CTR, or as provided by sending bank)
(9) <u>BENEFICIAL (BNF) = AGENCY LOCATION CODE</u> BNF = /ALC-69-14-0001	(10) <u>REASONS FOR PAYMENT</u> Example: PHMSA - CPF # / Ticket Number/Pipeline Assessment number

INSTRUCTIONS: You, as sender of the wire transfer, must provide the sending bank with the information for blocks (1), (5), (7), (9), and (10). The information provided in Blocks (1), (7), and (9) are constant and remain the same for all wire transfers to the Pipeline and Hazardous Materials Safety Administration, Department of Transportation.

Block #1 - RECEIVER ABA NO. - "021030004". Ensure the sending bank enters this 9-digit identification number; it represents the routing symbol for the U.S. Treasury at the Federal Reserve Bank in New York.

Block #5 - AMOUNT - You as the sender provide the amount of the transfer. Please be sure the transfer amount is punctuated with commas and a decimal point. **EXAMPLE: \$10,000.00**

Block #7 - RECEIVER NAME - "TREAS NYC". Ensure the sending bank enters this abbreviation. It must be used for all wire transfers to the Treasury Department.

Block #9 - BENEFICIAL - AGENCY LOCATION CODE - "**BNF=/ALC-69-14-0001**". Ensure the sending bank enters this information. This is the Agency Location Code for the Pipeline and Hazardous Materials Safety Administration, Department of Transportation.

Block #10 - REASON FOR PAYMENT - "**AC-payment for PHMSA Case # /** To ensure your wire transfer is credited properly, enter the case number/ticket number or Pipeline Assessment number, and country."

NOTE: A wire transfer must comply with the format and instructions or the Department cannot accept the wire transfer. You as the sender can assist this process by notifying the Financial Operations Division (405) 954-8893 at the time you send the wire transfer.

May 2007