

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

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

April 5, 2013

Mr. Michael Pearson  
VP of Technical Services  
Magellan Midstream Partners, LP  
One Williams Center, Mail Drop 27  
Tulsa, OK 74172

**CPF 3-2013-5013**

Dear Mr. Pearson:

On May 31 to June 2, 2011, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your facilities and records in Kansas City, Kansas.

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. §195.406 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.**

Magellan allowed its pipelines to exceed 110 percent of maximum operating pressure. PHMSA discovered through review of Magellan’s abnormal operations records that Magellan recorded 16 alarms of overpressure that exceeded 110 percent as follows:

<b>Date</b>	<b>Location</b>
10/24/2011	Bettendorf, IA
5/24/2011	Carthage, MO
4/17/2011	El Dorado, KS West Terminal
4/14/2011	El Dorado, KS West Terminal
4/8/2011	El Dorado, KS West Terminal
2/10/2011	Wichita, KS
1/20/2011	El Dorado, KS North
9/21/2009	Girard, KS
9/20/2009	Bateman, WI
8/18/2009	McCool, NE
8/13/2009	Eureka, KS
4/6/2009	Boyer, KS
11/4/2008	El Dorado, KS West
6/12/2008	Omaha, NE
5/23/2008	Bettendorf, IA
5/1/2008	Des Moines, IA

**2. §195.55 Reporting safety-related conditions.**

**(a) Except as provided in paragraph (b) of this section, each operator shall report in accordance with §195.56 the existence of any of the following safety-related conditions involving pipelines in service:**

**(3) Any malfunction or operating error that causes the pressure of a pipeline to rise above 110 percent of its maximum operating pressure.**

Magellan exceeded 110 percent of pipeline operating pressure on its Chase Colorado Pipeline at El Dorado, KS West terminal on 4/8/2011, on 4/14/2011, and on 4/17/2011, yet did not submit a required Safety Related Condition Report. The exemption in **§195.55(b)** for not filing the Safety Related Condition Reports does not apply because the condition was not corrected before it was required to be reported per **§195.56** (within 5 working days after determination). The safety related condition was eventually corrected by installing a full flow relief line on 4/22/2011.

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 \$99,000 as follows:

<u>Item number</u>	<u>PENALTY</u>
1.	\$51,500
2.	\$47,500

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 3-2013-5013** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

David Barrett  
Director, Central Region  
Pipeline and Hazardous Materials Safety Administration

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