

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 11, 2019

Mr. Michael Pearson
VP Operations & Asset Integrity
Magellan Pipeline Company, LP
One Williams Center, OTC-9
Tulsa, OK 74172

CPF 3-2019-5007

Dear Mr. Pearson:

On various dates between May 16th 2016 and January 25th 2017, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Central Region of the Office of Pipeline Safety (OPS) & Minnesota Office of Pipeline Safety pursuant to Chapter 601 of 49 United States Code conducted an onsite pipeline safety inspection of your procedures at your Tulsa, OK headquarters and records reviews at various locations in Kansas, Oklahoma, Iowa, Illinois, Minnesota, Nebraska, South Dakota and North Dakota. Field reviews of your facilities were done at various locations in Wisconsin, Minnesota, Kansas, Iowa, Illinois, Nebraska, South Dakota and North Dakota.

As a result of the inspection, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations, Part 195. The items inspected and the probable violations are:

1. **§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.

On multiple occasions, Magellan did not follow its O&M manual by failing to make necessary records and maps available to personnel for safe operation and maintenance of the pipeline. PHMSA inspectors observed the function of remotely operated valves that involved control room and field personnel. The valves could not be safely operated, because maps and records were not suitably available for use by operating and maintenance personnel during the performance of these operations following the requirements of 195.402 (c)(1).

On July 20th, 2016, at Bateman Station in Wisconsin, PHMSA performed an Operator Qualification Task Protocol 9 Evaluation on a remote motor operated valve task. As part of this task the valve was to be remotely operated by the control room. During the performance of this task, involving the field personnel and the pipeline controller, the wrong valve was opened.

On September 27th, 2016, at Rockford Station in Illinois, Magellan field personnel called the control room to operate a remote operated valve. The field personnel and the controller had trouble identifying which valve was to be safely operated.

On January 25th, 2017, at Magellan's Control Room, a pipeline controller was unable to produce maps or records that could properly identify the location of valves to field personnel.

2. § 195.428 Overpressure safety devices and overfill protection systems.

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7 1/2 months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

Magellan did not inspect overfill protection on breakout tanks used to store Highly Volatile Liquids (HVL) at least twice a year not to exceed 7 ½ months. HVL tanks 2021, 2022, 2023 and 2024 located at Magellan’s Des Moines, Iowa terminal were put in to service in 2009. Records presented to inspectors showed that no inspection of the overfill protection system was performed after the tanks were put into service until June 30, 2016.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$213,268 per violation per day the violation persists, up to a maximum of \$2,132,679 for a related series of violations. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 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 \$118,000 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$51,400
2	\$66,600

Proposed Compliance Order

With respect to item 1 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Magellan Pipeline Company, LP1. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

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 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 3-2019-5007** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Allan C. Beshore, PE
Director, Central Region, OPS
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Magellan Pipeline Company, LP a Compliance Order incorporating the following remedial requirements to ensure the compliance of Magellan Pipeline Company, LP with the pipeline safety regulations:

1. In respect to Item Number 1 of the Notice, Magellan must develop adequate records needed for field and control room personnel to positively identify the location valves necessary for the safe operation of the pipeline.
2. Within sixty (60) days after receipt of a Final Order, Magellan must submit documentation to the Director, Central Region, demonstrating that Item 1 and have been completed.
3. It is requested (not mandated) that Magellan Pipeline Company, LP maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Allan Beshore, Director, Central Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.