



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Avenue, SE
Washington, DC 20590

March 12, 2021

VIA ELECTRONIC MAIL TO: mike.mears@magellanlp.com

Mr. Michael N. Mears
President and Chief Executive Officer
Magellan Midstream Partners, LP
One Williams Center
PO Box 22186 MD 27
Tulsa, Oklahoma 74172-2186

Re: CPF No. 3-2021-5001

Dear Mears:

Enclosed please find the Final Order issued in the above-referenced case. It makes a finding of violation and assesses a civil penalty of \$20,700. When the civil penalty has been paid, this enforcement action will be closed. Service of the Final Order by electronic mail is effective upon the date of transmission as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

ALAN KRAMER
MAYBERRY
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KRAMER MAYBERRY
Date: 2021.03.11
16:05:26 -05'00'

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosures (Final Order and NOPV)

cc: Mr. Gregory Ochs, Director, Central Region, Office of Pipeline Safety, PHMSA
Mr. Jason Smith, Vice President, Asset Integrity, Magellan Pipeline Company, LP
jason.smith@magellanlp.com
Mr. Mark Materna, Director, Pipeline Integrity, Magellan Pipeline Company, LP
mark.materna@magellanlp.com

CONFIRMATION OF RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

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In the Matter of))
))
Magellan Midstream Partners, LP,)	CPF No. 3-2021-5001)
))
Respondent.))

FINAL ORDER

On January 8, 2021, pursuant to 49 C.F.R. § 190.207, the Director, Central Region, Office of Pipeline Safety (OPS), issued a Notice of Probable Violation (Notice) to Magellan Midstream Partners, LP (Respondent). The Notice proposed finding that Respondent had violated a pipeline safety regulation in 49 C.F.R. Part 195 and proposed a civil penalty of \$20,700. Respondent did not contest the allegation of violation or the proposed civil penalty.

Based upon a review of all of the evidence, pursuant to § 190.213, I find Respondent violated the pipeline safety regulation listed below, as more fully described in the enclosed Notice, which is incorporated by reference:

49 C.F.R. § 195.406(b) (**Item 1**) — Respondent failed to ensure the pressure in a pipeline during surges or other variations from normal operations does not exceed 110 percent of the operating pressure limit established under § 195.406(a).

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent. In accordance with 49 C.F.R. § 190.223, I assess Respondent a civil penalty of **\$20,700**.

Payment of the civil penalty must be made within 20 days of service. Federal regulations (49 C.F.R. § 89.21(b)(3)) require such payment to be made by wire transfer through the Federal Reserve Communications System (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMK-325), Federal Aviation Administration, Mike Monroney Aeronautical Center, 6500 S MacArthur Blvd, Oklahoma City, Oklahoma 79169. The Financial Operations Division telephone number is (405) 954-8845.

Failure to pay the \$20,700 civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 C.F.R. § 901.9 and 49 C.F.R. § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if

payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in a district court of the United States.

WARNING ITEM

With respect to Item 2, the Notice alleged a probable violation of 49 C.F.R. § 195.428(a), but did not propose a civil penalty or compliance order for this item. Therefore, this is considered to be a warning item. If OPS finds a violation of this provision in a subsequent inspection, Respondent may be subject to future enforcement action.

The terms and conditions of this order are effective upon service in accordance with 49 C.F.R. § 190.5.

ALAN KRAMER
MAYBERRY

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KRAMER MAYBERRY
Date: 2021.03.11 16:06:06
-05'00'

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

March 12, 2021

Date Issued



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety Administration**

901 Locust Street, Suite 480
Kansas City, MO 64106

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

VIA ELECTRONIC MAIL TO: mike.mears@magellanlp.com , jason.smith@magellanlp.com
and mark.materna@magellanlp.com

January 8, 2021

Mike Mears
Chief Executive Officer
Magellan Midstream Partners, LP
One Williams Center
PO Box 22186 MD 27
Tulsa, OK 74172

CPF 3-2021-5001

Dear Mr. Mears:

On February 20-23, 2018, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected your records in Tulsa, Oklahoma, and on April 4, 2018, inspected your records and facilities in Glenpool, Oklahoma.

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

1. **§195.406 Maximum operating pressure.**

(a) . . .

(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 failed to ensure the pressure in a pipeline during surges or other variations from normal operations did not exceed 110 percent of the operating pressure limit. Specifically, on January 3, 2018, Magellan allowed the operating pressure at its El Dorado Sunset Rd. meter station to exceed 110 percent of the maximum operating pressure (MOP). A pressure surge of 418 psig was recorded on the pipeline that has an established MOP of 275 psig, which allowed for an exceedance of 152% of the operating pressure. The pressure surge occurred due to an unplanned pump shut down at the El Dorado East terminal while transferring flow from the Eldorado West Terminal directly into the El Dorado East mainlines. The pressure surge relief valve operated as designed, however the overpressure occurred because of ice buildup in the low pressure manifold relief line, almost entirely blocking the flow path to the relief tank.

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 7½ 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 failed to inspect or test two overpressure safety devices at its Glenpool terminal at the required intervals under §195.428(a). The Explorer 8" Pressure Transmitter PIT-360 at Tulsa (Glenpool) West terminal was not inspected in 2015, and the Prover Transmitter PIT-PRVR at the Tulsa (Glenpool) East terminal was not inspected in 2016. PHMSA reviewed the records for overpressure safety devices on site at the Glenpool terminal and various overpressure safety device records were unavailable. Magellan's follow up of the issue determined that most of the devices had been tested as shown by SCADA test mode logs, after the normal maintenance records could not be located. The test logs showed gaps in the annual testing cycle showing the above two overpressure safety devices were overlooked in specific calendar years.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. 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. We have reviewed the circumstances and supporting documentation involved for the above probable violations and recommend that you be preliminarily assessed a civil penalty of \$20,700 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$20,700

Warning Items

With respect to item 2, 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 this item. 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 Enforcement 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).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 190.211. 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. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from the receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 3-2021-5001** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Gregory A. Ochs
Director, Central Region
Pipeline and Hazardous Materials Safety Administration

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

Cc: Jason Smith VP Asset Integrity, jason.smith@magellanlp.com
Mark Materna, Director Pipeline Integrity, mark.materna@magellanlp.com