Mr. Michael Mears, CEO
Magellan Pipeline Company, LP
One Williams Center
Tulsa, Oklahoma 74172

Re: CPF No. 4-2012-5011M

Dear Mr. Mears:

Enclosed please find the Order Directing Amendment issued in the above-referenced case. It makes findings of inadequate procedures and requires that Magellan Pipeline Company, LP, amend certain operating and maintenance procedures. When the amendment of procedures has been completed, as determined by the Director, Southwest Region, this enforcement action will be closed. Service of the Order Directing Amendment by certified mail is effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure
cc: Mr. Larry Davied, Vice President, Technical Services, Magellan Midstream Partners, LP, One Williams Center, Tulsa, Oklahoma 74172
    Mr. R. M. Seeley, Southwest Region Director, OPS
    Mr. Alan Mayberry, Deputy Associate Administrator for Field Operations, OPS

CERTIFIED MAIL - RETURN RECEIPT REQUESTED
ORDER DIRECTING AMENDMENT

On various dates in 2010, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), inspected the procedures for operating and maintenance for Magellan Pipeline Company, LP (Magellan or Respondent). Magellan owns and operates the longest refined-petroleum-products pipeline system in the country.¹

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated March 23, 2012, a Notice of Amendment (Notice). The Notice alleged certain inadequacies in Respondent’s written procedures for operations, maintenance and emergencies and requested, in accordance with 49 C.F.R. § 190.237, that Respondent amend them.

Magellan Midstream Partners, LP, responded to the Notice on behalf of Respondent by letters dated April 27, 2012, and May 25, 2012 (collectively, Response), and submitted amended procedures. Respondent did not request a hearing and therefore has waived its right to one. The Director has reviewed the amended procedures submitted by Respondent. Based on the result of this review, I find that Respondent's amendments adequately address Items 1, 3, 7, 11, 13, 15-17, 20-22, and 24 in the Notice. For the reasons discussed below, I find the amendments still do not adequately address Items 2, 4-6, 8-10, 12, 14, 18-19, 23, and 25-27.

FINDINGS OF INADEQUATE PROCEDURES

The Notice alleged certain inadequacies in Respondent’s procedures. Respondent did not contest the allegations but submitted amended procedures to address the inadequacies. As noted above, I have reviewed the revised procedures and considered the following factors: relevant available pipeline safety data; whether the plans are adequate for Respondent’s unique facilities and in

their particular location; the reasonableness of the procedures; and the extent to which the procedures contribute to public safety. Upon such review of the revised procedures under 49 C.F.R. § 190.237, I find the following procedures to be inadequate:

**Item 2:** The Notice alleged that Respondent’s procedures are inadequate to assure safe operation of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.52(a), which states:

§ 195.52 Telephonic notice of certain accidents.
    (a) Notice requirements. At the earliest practicable moment following discovery of a release of the hazardous liquid or carbon dioxide transported resulting in an event described in § 195.50, the operator of the system must give notice, in accordance with paragraph (b) of this section, of any failure that:
        (1) . . .
        (5) In the judgment of the operator was significant even though it did not meet the criteria of any other paragraph of this section.

The Notice alleged that Respondent’s Release Reporting Procedure 13.01-ADM-001, Section 3.2.2, did not have an explanation of how Magellan interpreted the term “significant” for the purpose of telephonic reporting of accidents under 49 C.F.R. § 195.52(a)(5).² Also, the Notice alleged that the procedure lacked an assignment of responsibility to a person or position for making specific determinations of what “significant” means or what factors were used in making such determinations.

In its Response, Magellan stated that it considers “Estimated property damage exceeding $50,000 (including repair, emergency response and remediation)” and “Classification as a Code Red per 9.02-ADM-011 – Emergency Code Red Investigation Procedure,” in paragraph 3.1.2 of 12.01-ADM-001- Release Reporting Procedure, to be “significant.”

However, these conditions are already covered by the telephonic reporting requirements of § 195.52 and do not address how Magellan determines whether other accidents are significant according to § 195.52(a)(5). Accordingly, Magellan is ordered to make additional revisions to its procedures specifying how it determines what other failures are deemed significant according to § 195.52(a)(5) and who is responsible for making such determinations.

**Item 4:** The Notice alleged that Respondent’s procedures are inadequate to assure safe operation of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.120(a), which states:

§ 195.120 Passage of internal inspection devices.
    (a) Except as provided in paragraphs (b) and (c) of this section, each new pipeline and each line section of a pipeline where the line pipe, valve, fitting or other line component is replaced; must be designed and

² Section 195.52 was amended on November 26, 2010, but the amendment does not affect the substance of the allegations contained in the Notice.
constructed to accommodate the passage of instrumented internal
inspection devices.

The Notice alleged that Respondent’s procedures are inadequate to implement 49 C.F.R.
§ 195.120(a) because they are unclear as to how its Magellan Pipeline Design Specs, Piping
Design, Section 1.0, which requires that pipelines be constructed to accommodate instrumented
internal inspection devices, fits into Magellan’s overall operations and maintenance procedures
for existing lines. Although Magellan’s procedures specify that internal inspection devices must
be accommodated when there have been “significant modifications” to its line pipe, they do not
define what is a “significant modification.”

In its Response, Magellan stated that it had revised its Procedure 11.01-ADM-001, Management
of Change Form Instructions, under Pipeline Integrity Review to state: “Review of surge and
operating pressure changes. Assignment to appropriate integrity personnel for detailed review or
evaluation of the change as it relates to DOT regulatory compliance: including 49 C.F.R.
195.120 (passage of internal devices).”

However, the Management of Change procedure revised by Magellan remains inadequate
because it still does not address the problem cited in the Notice, namely, that Magellan’s
procedures do not make clear that whenever the company replaces line pipe or other line
component, the new line will be designed and constructed to accommodate internal inspection
devices. Since § 195.120(a) requires such devices if line pipe or a line component is “replaced,”
it is essential that Magellan’s procedures define the term “significant modifications” in a way
that covers all pipe and line component replacements and meets the intent of the regulation.
Accordingly, Magellan is hereby ordered to amend its procedures to indicate that a pipeline must
be made to accommodate internal inspection devices whenever line pipe or a line component is
replaced, according to the requirements of § 195.120.

**Item 5:** The Notice alleged that Respondent’s procedures are inadequate to assure safe operation
of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.214, which
states:

§ 195.214 Welding procedures.

(a) Welding must be performed by a qualified welder in accordance
with welding procedures qualified under Section 5 of API 1104 or Section
IX of the ASME Boiler and Pressure Vessel Code (incorporated by
reference, see § 195.3). The quality of the test welds used to qualify the
welding procedure shall be determined by destructive testing.

(b) Each welding procedure must be recorded in detail, including the
results of the qualifying tests. This record must be retained and followed
whenever the procedure is used.

The Notice alleged that Respondent’s welding procedures (WE-ADM-003, WE-ADM-004, and
WE-ADM-005, etc.) are inadequate for two reasons. First, they do not specify that all welding
will be performed using a qualified welding procedure; and second, they fail to require the use of
proper documentation, in the form of Magellan’s *Form QW-482*, to record the qualified welding procedure that Magellan uses, as required under 49 C.F.R. § 195.214.

Magellan stated in its Response that *Procedure WE-ADM-003, Specification 100 – Construction and Fabrication of Pipelines and Related Piping Systems*, had been revised to state that “all welders shall be qualified in accordance with qualified welding procedures.” Pertaining to the issue related to Magellan *Form QW-482*, the Respondent argued that *QW-482* was not a Magellan form, but indicated it had modified its welding procedures to identify the proper forms that were to be used.

Magellan’s response that all welders must be qualified in accordance with qualified welding procedures still does not address the issue that the welding *itself* must be performed using a qualified welding procedure, as required under 49 C.F.R. § 195.214(a). Further, identification of the source of *Form QW-482* still does not address the allegation that Magellan’s procedures fail to record qualified welding procedures on a form identified by the company’s written procedures. Accordingly, Magellan must make additional revisions to its procedures to specify that all welding on DOT-regulated pipelines must be done according to a qualified welding procedure and that the use of such welding procedure must be documented on a form specified in its written procedures.

**Item 6:** The Notice alleged that Respondent’s procedures are inadequate to assure safe operation of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.222, which states:

§ 195.222 Welders: Qualification of welders.
   (a) Each welder must be qualified in accordance with section 6 of
       [American Petroleum Institute (API)] API 1104 (incorporated by
       reference, see § 195.3) or section IX of the ASME Boiler and Pressure
       Vessel Code, (incorporated by reference, see § 195.3) except that a welder
       qualified under an earlier edition than listed in § 195.3 may weld but may
       not re-qualify under that earlier edition.
   (b) No welder may weld with a welding process unless, within the
       preceding 6 calendar months, the welder has—
       (1) Engaged in welding with that process; and
       (2) Had one welded tested and found acceptable under section 9 of
           API 1104 (incorporated by reference, see § 195.3).

The Notice alleged that Magellan’s *Welder/Welding Operator Performance Qualifications Form (07-Form-0721)* is inadequate because even though it indicates that it covers welder qualification only under ASME IX, in actual practice the form is used for both API 1104 and ASME IX qualifications. The Notice further alleged that the document indicates it is used to record welder “requalification,” while it is actually used for both qualifications and requalifications. Lastly, it alleged that the Magellan procedures pertaining to welder qualification are also inadequate insofar as they do not reference any requirement to use 07-Form-0721.
In its Response, Magellan acknowledged that its 07-Form-0721 form is used for both ASME IX and API-1104 requalifications. Magellan indicated that it had revised its procedures to state: “Forms for the prescribed code have been developed similar to that as shown in API 1104 Welding of Pipelines and Related Facilities or Form QW-482 as shown in ASME Section IX Welding and Brazing Qualification latest DOT approved editions.”

However, Respondent’s procedures still do not reflect that its 07-Form-0721 has been revised, nor has Magellan furnished PHMSA with a copy of the revised form itself. Therefore, I am unable to verify whether the new form states that it is used for both API-1104 and ASME IX welder qualifications and requalifications, or that it includes all variables. Accordingly, Magellan must provide a copy of its procedures reflecting the revisions.

**Item 8:** The Notice alleged that Respondent’s procedures are inadequate to assure safe operation of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.228, which states:

§ 195.228 Welds and welding inspection: Standards of acceptability.
(a) Each weld and welding must be inspected to insure compliance with the requirements of this subpart. Visual inspection must be supplemented by nondestructive testing.
(b) The acceptability of a weld is determined according to the standards in Section 9 of API 1104. However, if a girth weld is unacceptable under those standards for a reason other than a crack, and if Appendix A to API 1104 (incorporated by reference, see § 195.3) applies to the weld, the acceptability of the weld may be determined under that appendix.

The Notice alleged that Magellan’s Maintenance Welding and Requirement for Welding and Requalification Procedures (WE-ADM-004, section 8, and WE-ADM-005, section 5) are inadequate because they fail to specify the standard being used by the company for visual inspection of welding and to require that such standard be consistent with the appropriate industry standard being applied. In other words, it alleged that it is insufficient for the company to simply state that welds will be visually inspected using ASME IX requirements and welds performed according to API 1104 will be inspected according to API 1104 requirements. The same problem would apply to welding being performed under ASME IX.

Magellan stated in its Response that Procedure WE-ADM-002, Scope and Definitions, Paragraph 3.2, had been revised to include nondestructive examination requirements for Construction and Maintenance Welding, but the table included in WE-ADM-002, Scope and Definitions, paragraph 3.2 simply states that DOT-regulated piping will be 100% visually inspected.

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3 Additionally, Respondent states that this requirement is covered in three of its procedures: (1) WE-ADM-003, Specification 100-Construction and Fabrication of Pipeline and Related Piping Systems, paragraph 8.2.1; (2) WE-ADM-004, Specification 101 – Maintenance for Welding (Excluding Ethylene Pipelines), paragraph 8.4.1; and (3) WE-ADM-005, Specification 102 – Requirements for Welding and Requalification, paragraph 5.1.3.1.
However, the issue is not whether the welds are visually inspected but how they will be inspected under the different welding standards being used, since Respondent uses both the API 1104 and ASME IX standards. Therefore, Magellan must make additional revisions to it procedures to specify the appropriate standards for visual inspection based on the welding standard being used.

**Item 9:** The Notice alleged that Respondent’s procedures are inadequate to assure safe operation of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.266, which states:

§ 195.266 Construction records.
   A complete record that shows the following must be maintained by the operator involved for the life of each pipeline facility:
   (a) The total number of girth welds and the number nondestructively tested, including the number rejected and the disposition of each rejected weld.
   (b) The amount, location; and cover of each size of pipe installed.
   (c) The location of each crossing of another pipeline.
   (d) The location of each buried utility crossing.
   (e) The location of each overhead crossing.
   (f) The location of each valve and corrosion test station.

The Notice alleged that the Magellan’s procedure for recordkeeping (Critical Drawings and Map List, 7.08-ADM-001, sections 1, 2) and its Project File Index document (07-Form-bbbb) for new construction are inadequate because they fail to require the maintenance of complete records under § 195.266. Specifically, the procedures do not require the maintenance of records relating to overhead crossings and depth of cover. In addition, the Notice alleged that the company’s Critical Drawing List (7.08-ADM-001) for Part 195 records failed to include all of the requirements of § 195.266, including depth of cover and overhead crossings.

Magellan responded that 7.08-ADM-001, Critical Drawings and Map List, refers to its As Built and Documentation Requirements and the requirements were modified after the inspection. However, the operator’s procedures list the other § 195.266 construction records requirements in Critical Drawings and Map List, 7.08-ADM-001, section 2, but not those for overhead crossings and depth of cover. This omission needs to be corrected. Accordingly, Respondent must revise its procedures to ensure that all information specified in § 195.266 is covered by the procedures, including depth of cover and overhead crossings.

**Item 10:** The Notice alleged that Respondent’s procedures are inadequate to assure safe operation of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.302, which states:

§ 195.302 General requirements.
   (a) Except as otherwise provided in this section and in § 195.305(b), no operator may operate a pipeline unless it has been pressure tested under this subpart without leakage. In addition, no operator may return to
service a segment of pipeline that has been replaced, relocated, or otherwise changed until it has been pressure tested under this subpart without leakage.

The Notice alleged that the Magellan’s procedures for pressure testing (Pressure Testing, 7.03-ADM-001, section 3.1.3) are inadequate because they fail to properly limit the operation of a pipeline that has not been pressure tested without leakage. Specifically, it alleged that Respondent’s procedures failed to define the term “short segment” in terms of allowing the use of pre-tested pipe. To comply with § 195.302, pre-tested pipe that has not been pressure tested on site should be restricted to repairs and not used for replacement of whole pipeline segments or for rerouting a line.

In its Response, Magellan’s revised Pressure Testing, 7.03-ADM-001, paragraph 3.1.3, states: “However, no more than 250 feet of pretested pipe may be installed in the replacement repair section without pressure testing the fabricated section together on site. Additionally, the girth welds of the fabricated section including the tie-in welds must be verified by radiographic inspection.” The Respondent stated that the basis of the 250-feet limitation was a letter dated April 21, 1994, from Ivan Huntoon, the Director, Central Region of the Office of Pipeline Safety to Williams Pipe Line Company.

While the 1994 letter cited by Magellan may have been properly applied to a specific operator at that time, PHMSA has issued another letter of interpretation that affects the needed revisions to Magellan’s procedures. On October 12, 2012, PHMSA issued an interpretation indicating that in-place pressure testing was needed where more than a single joint of pipe had been installed. Therefore, Magellan must revise its procedure 7.03-ADM-001 to properly limit the operation of a pipeline that has not been pressure tested without leakage.

**Item 12:** The Notice alleged that Respondent’s procedures are inadequate to assure safe operation of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.310, which states:

§ 195.310 Records.

(a) ...
(b) The record required by paragraph (a) of this section must include:
(1) The pressure recording charts;
(2) Test instrument calibration data;
(3) The name of the operator, the name of the person responsible for making the test, and the name of the test company used, if any;
(4) The date and time of the test;
(5) The minimum test pressure;
(6) The test medium;
(7) A description of the facility tested and the test apparatus;

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(8) An explanation of any pressure discontinuities, including test failures, that appear on the pressure recording charts; and

(9) Where elevation differences in the section under test exceed 100 feet, a profile of the pipeline that shows the elevation and test sites over the entire length of the test section.

(10) Temperature of the test medium or pipe during the test period.

The Notice alleged that Magellan’s procedure 07-FORM-0013 specifies that pressure-testing records must be maintained, but does not include temperature charts required under § 195.310(b)(10). Also, it alleged that Section 3.1.5 of Magellan’s procedure Pressure Testing, 7.03-ADM-001, fails to provide for records indicating under what conditions “consideration” is given to removing a failed section of pipe for metallurgical analysis. The pressure-testing procedure for pipe also allegedly fails to specify that any changes in pressures during the test must be accounted for to validate the test.

In its Response, Magellan explained that it had revised its Form 07-FORM-0013 to include temperature charts as part of the permanent hydrostatic testing records. PHMSA has reviewed the revised form and I find it acceptable.

As for the records relating to metallurgical analysis of failed pipe section, Respondent stated that it had revised its procedure Pressure Testing, 7.03-ADM-001, paragraph 3.1.5, to address this issue. However, the version of the procedure provided in the company’s Response was the same as the one provided during the inspection. Additionally, the procedure refers to another Magellan procedure, Analysis of Pipe Cutouts, which was not provided in the Response so therefore could not be reviewed. Respondent also indicated that it had revised the procedure to add paragraph 3.8.8.1, which states: “For pressure drops or losses that don’t fall below specified minimum test pressure requirements, determine if pressure losses correspond with measured temperature loss using industry accepted calculation method.” However, the revisions still fail to clarify under what conditions metallurgical analysis would occur.

Accordingly, Respondent must provide the revised version of the procedure, Pressure Testing, 7.03-ADM-001, paragraph 3.1.5, along with the Analysis of Pipe Cutout procedure, to address the inadequacies discussed above.

Item 14: The Notice alleged that Respondent’s procedures are inadequate to assure safe operation of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.402(c)(4), which states:

§ 195.402 Procedural manual for operations, maintenance, and emergencies.

(a) …

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(1) …
(4) Determining which pipeline facilities are located in areas that would require an immediate response by the operator to prevent hazards to the public if the facilities failed or malfunctioned.

The Notice alleged that Magellan’s procedures fail to set forth the criteria by which a process for determining which pipeline facilities are located in areas that would require an immediate response by the operator to provide safety during maintenance and normal operations. Specifically, it alleged that while Magellan had verbally stated that the company treated its entire pipeline system as an “immediate response” area, there is no written procedure to confirm this statement.

In its Response, Magellan indicated that it had revised its procedure SIP-ADM-12.02, Emergency Response, paragraph 1.1, to state: “All emergency situations require an immediate response to protect the public and the environment.”

The revised procedure is still inadequate because § 195.402(c)(4) requires the operator to identify areas of the pipeline system that require immediate response to prevent hazards to the public if the facilities fail or malfunction, not just a commitment to immediately respond to emergency situations. Accordingly, Magellan must make additional revisions to procedure SIP-ADM-12.02 to specify either that the entire Magellan pipeline is treated as an immediate response area or to identify those portions of the system that require immediate response under § 195.402(c)(4).

Item 18: The Notice alleged that Respondent’s procedures are inadequate to assure safe operation of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.404(b)(2), which states:

§ 195.404 Maps and records.
(a) . . .
(b) Each operator shall maintain for at least 3 years daily operating records that indicate—
(1) . . .
(2) Any emergency or abnormal operation to which the procedures under § 195.402 apply.

The Notice alleged that Magellan’s procedures fail to specify retention requirements for operating records for emergency or abnormal operation to which the procedures under §§ 195.402(d) and (e) apply. Magellan’s Form 13-FORM-0020, Abnormal Operating Condition Report, must have a specified retention period consistent with § 195.404(b)(2). Also, it alleged that Respondent’s procedures fail to include the appropriate records retention requirements for all records required by Part 195, not just those with defined forms. In addition, it alleged that the company’s procedures fail to include a retention schedule for electronic records, just as with paper records.

In its Response, Magellan provided its revised form, 13-FORM-0020, Abnormal Operations Report, to include the statement on the bottom: “Retention: 3 year minimum in CMS.”
This is still inadequate. Records pertaining to emergencies still are not addressed in the revised procedures. Magellan must clearly specify in the text of its procedures the retention requirement for these records similar to 7.08-ADM-001, Critical Drawings and Map List, paragraph 2.1.4, Pipe Specifications, or on the Magellan Records Retention Schedule. Magellan must also revise its procedures to ensure that all electronic records have a retention requirement consistent with Part 195 requirements.

**Item 19:** The Notice alleged that Respondent’s procedures are inadequate to assure safe operation of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.420, which states:

**§ 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.

(b) Each operator shall, at intervals not exceeding 7½ months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

The Notice alleged that Magellan’s Procedure 7.13-ADM-134, Annual Valve and Operator Inspection, does not adequately define the valves that are subject to annual inspection under § 195.420(b).

In its Response, Magellan submitted its revised Procedure 7.13-ADM-134, Annual Valve and Operator Inspection, paragraph 1.1, which states: “This procedure is applicable to all valves except those valves identified in Section 3.1 of 7.13-ADM-1035.” However, Section 3.1 of 7.13-ADM-1035 does not identify any valves but Section 2.1 of that same procedure pertains to mainline valves, so the reference may simply reflect a clerical error. Magellan needs to correct procedure 7.13-ADM-134 to specify that it is applicable to all valves except those valves identified by Section 2.1 of 7.13-ADM-1035.

**Item 23:** The Notice alleged that Respondent’s procedures are inadequate to assure safe operation of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.444, which states:

**§ 195.444 CPM leak detection.**

Each computational pipeline monitoring (CPM) leak detection system installed on a hazardous liquid pipeline transporting liquid in single phase (without gas in the liquid) must comply with API 1130 in operating, maintaining, testing, record keeping, and dispatcher training of the system.

The Notice alleged that the Magellan’s procedure specified the use of CPM but its Start-up and Shut-down Procedure, 9.02-ADM-002, and Normal Operations and Line Monitoring Procedure, 9.02-ADM-017, did not have any references to performing CPM per API 1130, as required under § 195.444.
In its Response, Magellan created a new Procedure 9.02-ADM-081, Computational Pipeline Monitoring Procedure, that states in paragraph 2.1: “API 1130 is the guiding document for CPM system creation and maintenance.”

Magellan’s revised language remains inadequate because it does not convey the requirement of § 195.444. The industry standard reflected in API 1130 is not merely guidance but has been incorporated by reference into § 195.444 as a regulatory requirement that an operator must comply with in operating, maintaining, testing, record keeping and dispatcher training of its system. Accordingly, Respondent must revise its language to convey that its CPM must comply with the requirements of API 1130.

**Item 25:** The Notice alleged that Respondent’s procedures are inadequate to assure safe operation of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.575, which states:

§ 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.

(b) You must install one or more insulating devices where electrical isolation of a portion of a pipeline is necessary to facilitate the application of corrosion control.

(c) You must inspect and electrically test each electrical isolation to assure the isolation is adequate.

(d) If you install an insulating device in an area where a combustible atmosphere is reasonable to foresee, you must take precautions to prevent arcing.

(e) If a pipeline is in close proximity to electrical transmission tower footings, ground cables, or counterpoise, or in other areas where it is reasonable to foresee fault currents or an unusual risk of lightning, you must protect the pipeline against damage from fault currents or lightning and take protective measures at insulating devices.

The Notice alleged that the Magellan’s Corrosion Control Program Procedure 7.04-ADM-001, section 2.9.4, is inadequate because it fails to specify that company personnel are required to determine, based on the criteria in § 195.571, if the casing and carrier pipe are metalically shorted prior to electrically isolating a segment. The Notice also sought to require Magellan to modify its procedures to require additional testing if the casing-to-soil reading was elevated above the native potential of carbon steel in soil. If the casing is determined to be electrolytically shorted, the Notice proposed that Magellan be required to have procedural requirements for remediating the condition and achieving electrical isolation.

In its Response, Magellan revised its Procedure 7.04-ADM-001, Corrosion Control Program, paragraph 2.9.4.2, to state: “If the casing potential is greater than .800 volts, the casing shall be tested to determine whether an electrolytic short to the carrier pipe is present. Corresponding
classification data documenting the status of the casing shall be recorded in the Cathodic Protection Data Manager (CPOM). Refer to Shorted Casing Testing for more information.”

Respondent also modified paragraph 2.9.4.4 to state: “Following internal inspection of a pipeline, the resulting smart pig data will be integrated with and compared to the casing information in the corrosion control database. Where the carrier pipe within the casing exhibits corrosion-caused metal loss, a risk evaluation will be conducted. If deemed necessary, based upon the risk evaluation and the severity of the metal loss, action will be taken to mitigate the corrosion. Where practical this action will involve digging the ends of the casing and attempting to clear short by moving the pipe/casing or removal of water and replacement of end seals. If it is determined that it is impractical to clear the short, the casing/pipe interstice will be filled with high dielectric corrosion inhibiting material using NACE SP0200 as a guideline.”

These revisions, however, still do not address how Magellan will screen for electrolytically shorted casings on pipelines that are using the 100 mV polarization criterion. Also, Magellan did not provide the Shorted Casing Testing procedure cited in Procedure 7.04-ADM-001, Corrosion Control Program procedure, paragraph 2.9.4.2 to PHMSA for review. Respondent’s revision pertaining to risk assessment and potential actions to mitigate the corrosion do not mention assessing the rate of corrosion as part of the risk assessment or determining the reassessment intervals, particularly if corrosion is present and Magellan decides not to replace the segment. Even though § 195.575 requires electrical isolation, the Respondent’s procedures still do not specify how the company would determine if it is impractical to clear a shorted casing or what bearing the location of the casing (if located in an HCA) would have on this decision.

Accordingly, Magellan must make additional revisions to procedure 7.04-ADM-001 to address the issue of screening for electrolytically shorted casings on pipelines using the 100 mV polarization criterion, and how the corrosion rate will be determined and used in the risk assessment and in determining reassessment intervals. Magellan also must make additional procedural revisions to address how it will determine if it is impractical to clear a shorted casing, how the location of the casing would impact this decision, and enhanced procedures for the use of dielectric material to inhibit a casing.

**Item 26:** The Notice alleged that Respondent’s procedures are inadequate to assure safe operation of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.52(b) and (c), which state:

§ 195.52 Telephonic notice of certain accidents.

(a) . . .
(b) Reports made under paragraph (a) of this section are made by telephone to 800-424-8802 (in Washington, DC, 20590-0001 (202) 372-2428) and must include the following information:
   (1) Name and address of the operator.
   (2) Name and telephone number of the reporter.
   (3) The location of the failure.
   (4) The time of the failure.
   (5) The fatalities and personal injuries, if any.
(6) All other significant facts known by the operator that are relevant to the cause of the failure or extent of the damages.
(c) Calculation. A pipeline operator must have a written procedure to calculate and provide a reasonable initial estimate of the amount of the released product.\(^5\)

The Notice alleged that Magellan’s *Emergency Code Red Investigation Procedure, 9.02-ADM-011*, page 4 table, revision 15, dated August 18, 2010, is inadequate because it indicated that in the event of a failure, the spill quantity estimate will default to a specified fixed reporting volume, based on the pressure range. For example, the Magellan procedure specified that rupture of a pipeline operating at a pressure of greater than 250 psig and having a diameter up to 12 inches should be reported as a 3,000-barrel spill. However, § 195.52(b), as amended effective November 26, 2010, requires an operator to have a written procedure to calculate and provide a reasonable initial estimate of the amount of released product.

In its Response, Magellan revised its procedure to provide for an annual review of its release events and make modifications to the Initial Estimated Release Amount Calculations Table to improve the accuracy of the initial release reporting, based on actual experience.

While the proposed procedural changes may result in an improvement in the company’s initial release reporting, the methodology still does not give adequate consideration to all of the factors that should be considered in making a reasonable estimate of the release quantity, such as the profile of the pipeline adjacent to the point of release. Accordingly, Magellan must make additional revisions to *Procedure 9.02-ADM-011* to ensure that a reasonable initial estimate of the release quantity is made.

**Item 27:** The Notice alleged that Respondent’s procedures are inadequate to assure safe operation of its pipeline facilities, by failing to develop procedures addressing 49 C.F.R. § 195.402(a), which states:

**§ 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.

The Notice alleged that Magellan’s procedure, *Safety Sign Matrix, 5.02-ADM-001*, is inadequate because it fails to indicate that specific signage identified in its procedure, as being required at all “pipeline facilities” includes placement around each mainline valve. However, the term

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\(^5\) This section was amended on November 26, 2010, but does not affect compliance.
"pipeline facility" is defined by Part 195 to include all equipment, including valves, used in the transportation of hazardous liquids.

In its Response, Magellan revised its Safety Sign Matrix procedure to state: "Post at main entrance and at all other entry points of fenced locations subject to Safety Reviews as described in Internal Audits and Inspections, SIP-ADM-14.01," for each type of sign. For the type of sign previously required by Magellan procedures to be posted around each pipeline facility, the Magellan procedure now states: "Post, as applicable, at each fenced location subject to Safety Reviews as described in Internal Audits and Inspections, SIP-ADM-14.01." Magellan did not provide a copy of the revised SIP-ADM-14.01 in its Response, so PHMSA is unable to review this procedure and is still unclear if Respondent is requiring signs to be posted at all fenced mainline valve sites.

Accordingly, Magellan must make additional revisions or clarify the applicable procedures to address whether mainline valve sites are included in the locations where signs will be posted.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a Petition for Reconsideration of this Order Directing Amendment. The petition must be sent to: Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. PHMSA will accept petitions received no later than 20 days after receipt of service of this Order Directing Amendment by the Respondent, provided they contain a brief statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.215. The filing of a petition automatically stays the payment of any civil penalty assessed. Unless the Associate Administrator, upon request, grants a stay, all other terms and conditions of this Order Directing Amendment are effective upon service in accordance with 49 C.F.R. § 190.5.

AUG 8 2013
Date Issued

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety