

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 9, 2013

Mr. Michael Pearson
Vice President, Technical Services
Magellan Pipeline Company
One Williams Center, MD 27
Tulsa, OK 74172

CPF 4-2013-5022W

Dear Mr. Pearson:

During the month of March 2013, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected the construction of 24 inch diameter pipeline at Speed Station to Genoa Junction (South Houston Crude System) as the part of Longhorn Reversal Project. The inspection consisted of both field and record audits related to the construction pursuant to Chapter 601 of 49 United States Code.

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 item inspected and the probable violation is:

1. §195.202 Compliance with specifications or standards.

Each pipeline system must be constructed in accordance with comprehensive written specifications or standards that are consistent with the requirements of this part.

Magellan Pipeline Company failed to follow their written construction specification, document Pipeline Construction Horizontal Directional Drilling, revised on 9/9/2009.

Magellan's construction procedure, Section 5.0 (Ream and pull back); Paragraph 5.2 states:

“The entire pull section shall be subjected to a 4-hour hydrostatic pretest prior to installation in the hole. The pretest pressure shall be equal to or exceed that required for final certification but shall not exceed 98% of SMYS. The hydrostatic pretest shall be conducted and documented according to the cleaning, testing and drying section of this specification.”

During the record inspection, PHMSA identified two locations where Magellan failed to conduct hydrostatic pretest of the pipe segments used for the installation of the boring and/or Horizontal Directional Drills (HDDs) applications at Speed Station to Genoa Junction (South Houston Crude System) as the part of Longhorn Reversal Project. The identified locations are as follow-

Project number	HDD crossing	Station	Mile post	Total length
3590	Ave F, Ave G and Ave H	176 + 38	3.34	950 feet
3590	Gilpin St, HCFC and Hinds St	242 +28	4.59	950 feet

On July 1, 2013, Magellan conducted the post-hydrostatic test (8 hours) of the aforementioned locations and passed the test successfully. Magellan provided the test reports to PHMSA on August 26, 2013. PHMSA reviewed the hydrostatic test documentation and found it acceptable.

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. 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 correct the item identified in this letter. Failure to do so will result in Magellan being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 4-2013-5022W**. 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).

Sincerely,

R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration