

## **WARNING LETTER**

### **CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

October 28, 2013

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

**CPF 4-2013-5023W**

Dear Mr. Pearson:

On September 10, 2013, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected the construction of Breakout Tank (tank# 2511) as a part of Longhorn Phase II at East Houston Tank Terminal, Houston, Texas.

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 violations are:

1. **§195.132 Aboveground breakout tank**
  - (b) For aboveground breakout tank first placed in service after October 2, 2000, compliance with paragraph (a) of this section requires one of the following:
    - (3) Vertical, cylindrical, welded steel tanks with internal pressures at the tank top approximating atmospheric pressures (i.e., internal vapor space pressures not greater than 2.5 psig (17.2 kPa), or not greater than the pressure developed by the

**weight of the tank roof) must be designed and constructed in accordance with API Standard 650.**

The Vacuum Box test reports of tank# 2511(Longhorn Phase II) does not reflect the metal surface temperature readings. During the field inspection, PHMSA requested Magellan to provide the Vacuum Box Test Reports for Breakout Tank # 2511. PHMSA representative reviewed the reports, and revealed that Magellan recorded the ambient temperature in lieu of metal surface temperature.

API 650, Section 8.6.6 states:

“The metal surface temperature limits 4°C (40°F) and 52°C (125°F), unless the film solution is proven to work at temperatures outside these limits, either by testing or Manufacturer’s recommendations.”

API 650, Section 8.6.10 also states:

“A record or report of the test including a statement addressing temperature and light intensity shall be completed and furnished to the purchaser upon request.”

PHMSA confirmed that Magellan is not following the Vacuum Box inspection procedure as described in API 650, Section 8.6.6 and subparagraph 8.6.10.

On September 16, 2013, Magellan conducted the Vacuum Box test of the Tank# 2511 and provided the test reports to PHMSA on September 24, 2013. PHMSA reviewed the Vacuum Box test reports 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(s) 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 4-2013-5023W**. 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