

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 18, 2013

Mr. Michael Pearson
Vice President, Technical Services
Magellan Terminals Holdings, LP
One Williams Center, MD 27
Tulsa, OK 74172

CPF 4-2013-5028W

Dear Mr. Pearson:

During the week of September 23, 2013, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code, inspected construction of the El Paso Junction to Strauss 8” pipeline near El Paso, TX.

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 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 Specs Coating – External, Below Grade, Revision Date 5/21/2009.

Magellan's written procedures state:

5.2 Holiday Detection

5.2.3 The detector shall be equipped with a visual and/or audible alarm to signal current flow through the apparatus. The test voltage shall be calibrated twice per shift using a high resistance and high impedance kilovolt meter. The minimum voltage output for coating thickness shall be determined according to the following calculation:

$$V = K\sqrt{T}$$

Where V = peak voltage in volts, K = a constant (525 British, 104 metric), and T = nominal coating thickness.

During the inspection it was discovered holiday detector voltage settings were not being set according to the formula specified in Magellan's procedures. Construction personnel stated holiday detector voltage settings were determined by a formula other than that described in 5.2.3. Voltage settings were being determined by multiplying the coating thickness average of 15 mils (for FBE mainline pipe) by 125.

Magellan's written procedures also state:

7.0 DOCUMENTATION

7.1 Documentation of coating installation and repairs conducted per this procedure should be documented Project Plan, Job Book, and/or Pipeline Maintenance Report as applicable.

During the inspection, records to demonstrate twice per shift calibration of holiday detection equipment were not available for review.

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 **CPF4-2013-5028W**. 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