

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 6, 2014

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

CPF 4-2014-5002W

Dear Mr. Pearson:

Beginning as far back as June 2013 and continuing on through 2014 representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code are inspecting the construction of BridgeTex Project. The inspections consist of both field and record audits related to the construction pursuant to Chapter 601 of 49 United States Code.

Specifically during an inspection during the week of January 14, 2014, PHMSA was onsite and 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, Pipeline Construction Specs Coating – External, Below Grade, Revision Date 9/27/2013. Magellan’s

Construction Specification, Section 5.2.4 states:

“For Fusion Bonded Epoxy, the test voltage can be established by using the minimum voltage for a given coating thickness as determined according to the following calculation: $V = K\sqrt{T}$; Where V= peak voltage in volts, K= 525 and T= nominal coating thickness in mils. (Reference NACE SP0490).”

And there also is listed a table for the reference voltages:

Total DFT mil	Suggest Voltage(V)
8 to 11	1,500
12 to 15	2,000
16 to 20	2,500
21 to 40	3,000
41 to 55	4,000
56 to 80	6,000
81 to 125	10,000
126 to 185	15,000

During the observation of coating inspection tests or “jeeping” at the tie-in location (Station 1220+ 24), Spread-1, BridgeTex Project, PHMSA observed that the voltage of the holiday detector was not being set according to the procedure. Magellan set the voltage at 2100 volts without measuring the coating thickness. The inspection revealed no holidays. When questioned by PHMSA, Magellan measured the coating thickness: 55 mils at 12 o’clock, 39 mils at 3 o’clock, 50 mils at 6 o’clock, and 51 mils at 9 o’clock position at the tie-in location. According to the procedures, Magellan then reset the voltage at 3700 volts. This inspection revealed three holidays at that tie-in location.

As a result of the above, PHMSA had a concern about other tie-in locations (6) that might have been tested at an incorrect voltage set. Magellan acknowledged PHMSA’s concern and agreed to re-jeep those 6 tie-in locations with the correct voltage (3700 volts). Magellan found and remediated one additional holiday at Station 1216+15.

On February 3, 2014, Magellan emailed the list of all the tie-in locations in spread-1 including the corrected voltage set of the holiday detector, and the test results. It appears Magellan has adequately addressed the issue.

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 4-2014-5002W**. 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