U.S. Department
of Transportation
**Pipeline and
Hazardous Materials Safety
Administration**

8701 South Gessner, Suite 1110
Houston, TX 77074

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 9, 2015

Mr. Michael C. Pearson
Senior Vice President, Technical Services
Magellan Pipeline Company LP
One Williams Center, MD 27
P.O. Box 22186
Tulsa, OK 74172

CPF 4-2015-5013M

Dear Mr. Pearson:

On March 11, 2015, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, initiated an investigation into two releases that were identified by Magellan Pipeline Company, on their Hearne Pipeline.

On the basis of the investigation, PHMSA has identified the apparent inadequacies found within Magellan's Integrity Management (IM) procedures, as described below:

1. **§195.452(j) What is a continual process of evaluation and assessment to maintain a pipeline's integrity?—**

   (3) Assessment intervals. An operator must establish five-year intervals, not to exceed 68 months, for continually assessing the line pipe's integrity. An operator must base the assessment intervals on the risk the line pipe poses to the high consequence area to determine the priority for assessing the pipeline segments. An operator must establish the assessment intervals based on the factors specified in paragraph (e) of this section, the analysis of the results from the last integrity assessment, and the information analysis required by paragraph (g) of this section.

(e) What are the risk factors for establishing an assessment schedule (for both the baseline and continual integrity assessments)? (1) An operator must establish an integrity assessment schedule that prioritizes pipeline segments for assessment (see paragraphs (d)(1) and (j)(3) of this section). <u>An operator must base the assessment schedule on all risk factors that reflect the risk conditions on the pipeline segment.</u> The factors an operator must consider include, but are not limited to:

> **ii) Pipe size, material, manufacturing information, coating type and condition, and <u>seam type</u>; ...**

5) Assessment methods. An operator must assess the integrity of the line pipe by any of the following methods. <u>The methods an operator selects to assess low frequency electric resistance welded pipe or lap welded pipe susceptible to longitudinal seam failure must be capable of assessing seam integrity and of detecting corrosion and deformation anomalies</u>.

The Magellan procedure in its Integrity Management Program does not identify the methodology for identification of low frequency electric resistance welded (LF-ERW) pipe or lap welded pipe that may be susceptible to longitudinal seam failure. Unless an engineering analysis shows otherwise, all pre-70 LF-ERW pipe is deemed susceptible to longitudinal seam failure (reference 49 CFR 195.303(d)). The considerations for conducting an engineering analysis are also found in the reference code wherein it states:

> *In conducting an engineering analysis an operator must consider the seam-related leak history of the pipe and pipe manufacturing information as available, which may include the pipe steel's mechanical properties, including fracture toughness; the manufacturing process and controls related to seam properties, including whether the ERW process was high-frequency or low-frequency, whether the weld seam was heat treated, whether the seam was inspected, the test pressure and duration during mill hydrotest; the quality control of the steel-making process; and other factors pertinent to seam properties and quality.*

Consequently, absent an engineering analysis, all pre-70 LF-ERW pipe deemed susceptible to longitudinal seam failure must be assessed in accordance with the timing and stated methods found in §195.452(j). The Magellan integrity processes found in Section 7: *Perform Periodic Integrity Assessments*, Procedure 7.06-ADM-015: *Determining Tool Type Method Process*, and 7.06-ADM-016: *Pressure Cycle Analysis Procedure,* and any other referenced tables, charts or processes in its IM program need to be amended to ensure that all pre-70 LF-ERW pipe deemed susceptible to longitudinal seam failure is evaluated by a method capable of assessing the seam integrity, and of detecting corrosion and deformation anomalies on a maximum interval of five (5) years, not to exceed 68 months, unless a variance from the 5-year interval is requested, in accordance with 195.452(j)(4).

<u>Response to this Notice</u>

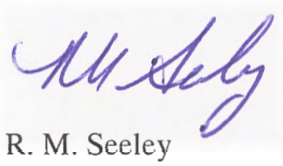
This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. Enclosed as

part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. 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). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 120 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Magellan maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to R. M. Seeley, Director, SW Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 4-2015-5013M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



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

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*