

December 2, 2016

Mr. Craig Pierson  
President  
Marathon Pipe Line, LLC  
539 South Main Street  
Findlay, OH 45840

**Re: CPF No. 4-2015-5024**

Dear Mr. Pierson:

Enclosed please find the Final Order issued in the above-referenced case. It makes a finding of violation, withdraws one allegation of violation, and specifies actions that need to be taken by Marathon Pipe Line, LLC to comply with the pipeline safety regulations. When the terms of the compliance order have been completed, as determined by the Director, Southwest Region, this enforcement action will be closed. Service of the Final Order is made pursuant to 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry  
Acting Associate Administrator  
for Pipeline Safety

Enclosure

cc: Mr. R.M. Seeley, Director, Southwest Region, OPS  
Mr. Vince Murchison, Murchison Law Firm,  
325 North St. Paul Street, Suite 2700, Dallas, Texas 75201

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
OFFICE OF PIPELINE SAFETY  
WASHINGTON, D.C. 20590**

<b>In the Matter of</b>	)	
	)	
<b>Marathon Pipe Line, LLC,</b>	)	<b>CPF No. 4-2015-5024</b>
	)	
<b>Respondent.</b>	)	
	)	

**FINAL ORDER**

On September 8-12, 16-17, and 22-25, 2014, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of Marathon Pipe Line, LLC (Marathon or Respondent) in Findlay, OH, Garyville and Zachary, LA, and Pasadena, TX. Marathon operates approximately 5,510 miles of crude oil, petroleum products, and highly volatile liquids pipeline systems throughout the Central, Southern, Western, and Southwest Regions of the United States.<sup>1</sup>

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated October 26, 2015, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Marathon had violated 49 C.F.R. §§ 195.264 and 195.588 and proposed ordering Respondent to take certain measures to correct the alleged violations.

Respondent responded to the Notice by letter dated December 17, 2015 (Response) and May 13, 2016 (Pre-Hearing Submission). Respondent contested all of the allegations and requested a hearing. In accordance with 49 C.F.R. § 190.211, a hearing was held on May 24, 2016 in Houston, Texas, before a Presiding Official from the Office of Chief Counsel, PHMSA. At the hearing, Respondent was represented by counsel. After the hearing, Respondent provided a post-hearing statement for the record, by letter dated July 7, 2016 (Closing). Pursuant to § 190.209(b)(7), the Director submitted a written evaluation of Respondent’s response material on August 18, 2016.

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<sup>1</sup> Pipeline Safety Violation Report (Violation Report), (Oct. 26, 2015) (on file with PHMSA), at 1.

## FINDINGS OF VIOLATION

The Notice alleged that Respondent violated 49 C.F.R. Part 195, as follows:

**Item 1:** The Notice alleged that Respondent violated 49 C.F.R. § 195.264, which states in relevant part:

**§ 195.264 Impoundment, protection against entry, normal/emergency venting or pressure/vacuum relief for aboveground breakout tanks.**

(a) . . . .

(b) After October 2, 2000, compliance with paragraph (a) of this section requires the following for the aboveground breakout tanks specified:

(1) For tanks built to API Spec 12F, API Std 620, and others (such as API Std 650 (or its predecessor Standard 12C)), the installation of impoundment must be in accordance with the following sections of NFPA-30 (incorporated by reference, *see* § 195.3);

(i) Impoundment around a breakout tank must be installed in accordance with section 22.11.2; and

(ii) Impoundment by drainage to a remote impounding area must be installed in accordance with section 22.11.1.

(2) For tanks built to API Std 2510 (incorporated by reference, *see* § 195.3), the installation of impoundment must be in accordance with section 5 or 11 of API Std 2510.

The Notice alleged that Respondent violated 49 C.F.R. § 195.264 by failing to install impoundment for aboveground breakout tanks as required by NFPA 30 and § 195.264. Specifically, the Notice alleged that Respondent's tank dike capacity for tanks 268-2, 100-3, 80-4, and 210-6 at the Pasadena Station located in Pasadena, TX was insufficient. The dike area capacity was 228,864 barrels (bbl) and the capacity of the largest tank (tank 268-2) was 268,561 bbl.<sup>2</sup>

At the hearing, Respondent presented a Pasadena Station SPCC Site & Flow Diagram dated October 23, 2012.<sup>3</sup> The Flow Diagram and its containment notes indicated that the diked area containing Tank #7, which is the largest Tank in that containment area, has a capacity of 264,417 bbl and the containment area which includes 2-4, and 6-14 have an overall dike area of 527,158 bbl.<sup>4</sup> Respondent stated that this record indicated that their impoundment capacities were in compliance with § 195.264(b).

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<sup>2</sup> Notice at 2.

<sup>3</sup> Hearing ex. 22.

<sup>4</sup> Hearing ex. 22; Recommendation, (Aug. 18, 2016) (on file with PHMSA) 1-2.

After reviewing the presented exhibit and flow diagram, OPS agreed that Respondent had installed impoundment capacities for aboveground breakout tanks as required by NFPA 30 and § 195.264, and recommended the alleged violation be withdrawn.<sup>5</sup>

Accordingly, after considering all of the evidence, I find that Respondent's impoundment of the aboveground breakout tanks at issue complied with NFPA 30 and § 195.264. Based upon the foregoing, I hereby order that Item 1 be withdrawn.

**Item 2:** The Notice alleged that Respondent violated 49 C.F.R. § 195.588, which states in relevant part:

**§ 195.588 What standards apply to direct assessment?**

(a) . . . .

(b) The requirements for performing external corrosion direct assessment are as follows:

(1) *General.* You must follow the requirements of NACE SP0502 (incorporated by reference, *see* § 195.3). Also, you must develop and implement a External Corrosion Direct Assessment (ECDA) plan that includes procedures addressing pre-assessment, indirect examination, direct examination, and post-assessment.

The Notice alleged that Respondent violated 49 C.F.R. § 195.588 by failing to follow the requirements of NACE SP0502 when performing ECDA to assess the integrity of line pipe that could affect a High Consequence Area (HCA). Specifically, the Notice alleged that Respondent performed several baseline assessments of line pipe that could affect an HCA, including: (1) The Pasadena-Pasadena Colonial 36-inch Fuel Oil pipeline in 2006 and the reassessment of the line pipe in 2011, including three areas of cased pipeline crossings; (2) The Pasadena-Pasadena Colonial 36-inch Gasoline pipeline on July 28, 2006 and the reassessment of the line pipe on November 18, 2011, including three areas of cased pipeline crossings; (3) The Pasadena-Pasadena GATX 16-inch pipeline on December 9, 2005 and the reassessment of the line pipe on November 1, 2010, including five areas of cased pipeline crossings; and (4) The Pasadena Explorer-Pasadena 16-inch Purge pipeline on July 28, 2006 and the reassessment of the line pipe on December 2, 2011, including three areas of cased pipeline crossings.

The Notice alleged that when Respondent performed the baseline assessments, Respondent did not assess the line pipe in any of these cased crossings using ECDA in accordance with NACE SP0502. Respondent used its "ECDA Procedures for Cased Pipe," but the Notice alleged those procedures were not in accordance with § 195.588 because the procedures do not follow the requirements of NACE SP0502.<sup>6</sup>

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<sup>5</sup> Recommendation at 2.

<sup>6</sup> Recommendation at 2.

Respondent did not contest this allegation of violation, but contested the Proposed Compliance Order.<sup>7</sup> Based upon a review of all of the evidence, I find Respondent violated 49 C.F.R. § 195.588 by failing to follow the requirements of NACE SP0502 when performing ECDA to assess the integrity of line pipe that could affect an HCA.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

### **COMPLIANCE ORDER**

The Notice proposed a compliance order with respect to Items 1 and 2 in the Notice for violations of 49 C.F.R. §§ 195.264 and 195.588, respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601.

Item 1 has been withdrawn. Therefore, the compliance terms proposed in the Notice for Item 1 are not included in this Order.

With regard to Item 2, Respondent provided records demonstrating the assessment of Pasadena-Pasadena GATX 16-inch line was successful. OPS agreed that the Pasadena-Pasadena GATX 16-inch line is in compliance with pipeline safety regulations.<sup>8</sup> Therefore, the compliance terms proposed in the Notice for Pasadena-Pasadena GATX 16-inch line are not included in this Order.

With regard to the remaining pipes at issue, Respondent contended that it was not required to use ECDA to inspect the pipes, and therefore the terms of the proposed Compliance Order must be withdrawn.<sup>9</sup> Respondent also argued that it could not comply with the deadlines set out in the proposed Compliance Order.<sup>10</sup> At the hearing, Respondent presented three alternate methods of inspecting its pipes, along with a proposed timeline for completing reassessments using these methods.<sup>11</sup> OPS agreed to review the submission and approve an appropriate assessment method and timeline to complete the reassessments.<sup>12</sup>

Accordingly, I am amending the Proposed Compliance Order to permit submission of a plan by Respondent for completing the reassessments in accordance with the regulation. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the

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<sup>7</sup> Notice at 3-4; Closing at 23.

<sup>8</sup> Closing, Ex. C; Recommendation at 3.

<sup>9</sup> Closing at 25-27.

<sup>10</sup> Closing at 28-32.

<sup>11</sup> Hearing, Exs. 23 and 25.

<sup>12</sup> Recommendation at 3.

following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 195.588 (**Item 2**), for the Pasadena-Pasadena Colonial 36" Fuel Oil, Pasadena-Pasadena Colonial 36" Gasoline, and Pasadena Explorer - Pasadena 16" Purge pipelines, Respondent must submit to the Director, Southwest Region, for prior approval a plan to reassess the pipelines. The plan must include the assessment method(s) to be used, must provide the procedures or processes for performing the assessments, and must include a schedule with dates for performing each assessment. The information required by this paragraph must be submitted for the Director's approval within 90 days of issuance of the Final Order;
2. Upon written approval of Respondent's plan by Director, Respondent must assess the line pipe in cased crossings listed above in accordance with the approved plan, including the approved schedule; and
3. Respondent must submit to the Director, Southwest Region, a report of each completed assessment performed and any remedial actions performed or scheduled on the cased crossings noted above, within 60 days of completing the assessment.

It is requested that Respondent maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: (1) total cost associated with preparation/revision of plans, procedures, studies, and analyses, and (2) total cost associated with replacements, additions, and other changes to pipeline infrastructure.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

Failure to comply with this Order may result in administrative assessment of civil penalties not to exceed the amounts set forth in 49 C.F.R. § 190.223 (currently \$205,638 for each violation for each day the violation continues) or in referral to the Attorney General for appropriate relief in a district court of the United States.

Under 49 C.F.R. § 190.243, Respondent may submit a Petition for Reconsideration of this Final Order to the Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2<sup>nd</sup> Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, no later than 20 days after receipt of this Final Order by the Respondent. Any petition submitted must contain a brief statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. The terms of this order, including corrective action, remain in effect unless the Associate Administrator, upon request, grants a stay.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

December 2, 2016

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Alan K. Mayberry  
Acting Associate Administrator  
for Pipeline Safety

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Date Issued