

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

ELECTRONIC MAIL - RETURN RECEIPT REQUESTED

May 12, 2020

Michael N. Mears
President and CEO
Magellan Midstream Partners, LP
One Williams Center
P.O. Box 22186
Tulsa, Oklahoma 74172

CPF 4-2020-5009

Dear Mr. Mears:

Between April 15-19 and June 3-7, 2019, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected your subsidiary, Magellan Terminals Holdings, LP's Breakout Tank #2533 located in Cushing, Oklahoma following an accident that occurred on December 18, 2018.

As a result of the inspection, it is alleged that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). 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.

§195.132 Design and construction of aboveground breakout tanks.

(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 Std 650 (incorporated by reference, see §195.3).

Magellan Terminals Holdings, LP (Magellan) failed to construct its Breakout Tank #2533, located in Cushing, Oklahoma, in accordance with its written specification for Aboveground Atmospheric Storage Tanks Rev 9, Date 1-25-2017. Magellan's written procedures contain certain requirements for vacuum tests on bottom lap welds.

Section 5.11 states that "Contractor shall vacuum test 100 percent of the bottom lap welds per API 650, Section 8.6, for a duration of not less than 5 seconds to 8 to 10 lbf/in². Also, Section 5.12 requires that "Contractor shall provide documentation of completion by means of a weld map showing any defects found, with corresponding documentation showing the defect repair information." Section 5.15 states that "Following the completion of the floor welds, the tank floor will be inspected by a 3rd Party inspection company selected by Magellan. This will include a visual inspection of the floor plates and a vacuum test for 100 percent of the bottom lap welds per API 650, Section 8.6, for a duration of not less than 5 seconds to 8 to 10 lbf/in²."

On December 18, 2018, Magellan notified PHMSA of a release from Tank #2533 (NRC 1233392). The tank was newly constructed and had been placed into service on December 16, 2018. An investigation of the accident led to the discovery of a pinhole leak on a bottom plate weld seam caused by a localized inadequate penetration weld defect. Following the accident, Magellan conducted vacuum box retesting of the bottom plate welds to determine if there were more defects that had not been found and repaired during the construction. The vacuum box re-testing revealed that an additional 79 bottom plate welds failed the tests.

The detailed written specifications, "Specification For Aboveground Atmospheric Storage Tanks Rev 9 Date 1-25-2017," requires the welds to be examined by vacuum box testing at the time of construction. The accident investigation and post-accident testing of the welds indicates the vacuum box testing was performed, but failed to identify approximately 80 defective welds on the tank bottom; therefore, the testing was insufficient to follow the written specification.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations. We have reviewed the circumstances and supporting documentation involved for the above probable violation and recommend that you be preliminarily assessed a civil penalty as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$213,268

Response to this Notice

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 190.211. 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 you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from the receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 4-2020-5009** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Mary L. McDaniel, P.E.
 Director, Southwest Region
 Pipeline and Hazardous Materials Safety Administration

cc: Michael Pearson, Vice President, Technical Services, Magellan Terminals Holdings, LP, One Williams Center, P.O. Box 22186, Tulsa, Oklahoma 74172

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