

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

December 9, 2014

Mr. Larry Davied
Vice President Technical Services
Magellan Pipeline Company, LP
One Williams Center
P.O. Box 22186, Mail Drop 27
Tulsa, Oklahoma 74172

CPF 5-2014-5019W

Dear Mr. Davied:

Between September 9 through September 11, 2014 and September 22 through September 25, 2014, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Magellan's Refined Products system in Colorado, South Dakota, and Wyoming.

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 violations are:

1. §195.430 Firefighting equipment.

Each operator shall maintain adequate firefighting equipment at each pump station and breakout tank area. The equipment must be-

- (a) In proper operating condition at all times;**
- (b) Plainly marked so that its identity as firefighting equipment is clear; and,**
- (c) Located so that it is easily accessible during a fire**

During the field inspection of your facilities, it was noted that the firefighting equipment was not readily available in the breakout tank area at the DuPont Terminal. Interviews with Magellan personnel revealed that each operation technician's vehicle has a fire extinguisher. Per §195.430, each operator shall maintain adequate firefighting equipment at each pump station and breakout tank area. Since the time of inspection, Magellan has installed six (6) new fire extinguishers in the breakout tank area at the DuPont Terminal.

2. §195.571 What criteria must I use to determine the adequacy of cathodic protection?

Cathodic protection required by this Subpart must comply with one or more of the applicable criteria and other considerations for cathodic protection contained in paragraphs 6.2 and 6.3 of NACE SP 0169 (incorporated by reference, see § 195.3).

During the review of Magellan's cathodic protection corrosion control reports, it was noted that the corrosion protection measurement of several test leads were less negative than the required -850 mV needed to ensure adequate cathodic protection of the pipelines. Magellan's Corrosion Control procedure, 7.04-ADM-001, Revision 14, Section 2.3.2 from Corrosion Control Criteria 195.571, states, "*when practical, Magellan requires maintaining a polarized potential of at least 0.850 volts as measured between the structure and a saturated copper-copper sulfate reference electrode that is in contact with the electrolyte (earth, soil, water, etc...)*", and Section 2.3.4 states, "*when a -0.850 volt potential is not practical, the following criteria is acceptable when approved by the Supervisor of Corrosion Control: a minimum negative (cathodic) polarization shift of 100 mV*". Magellan acquired the assets from Plains as of November 15, 2013, and remedial actions to bring cathodic protection levels to minimum required levels are still not fully implemented.

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 Pipeline Company, LP 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 5-2014-5019W**. 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,

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 K. Nguyen

Item 1 Activity #146198
Item 2 Activity #146197 and Activity #146198