



U.S. Department
Of Transportation
Pipeline and
Hazardous Materials
Safety Administration

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NOTICE OF AMENDMENT

OVERNIGHT EXPRESS DELIVERY

December 15, 2016

Mr. Michael Pearson
VP, Technical Services
Magellan Terminals Holdings, LP
One Williams Center, Mail Drop 27
Tulsa, OK 74172

CPF 1-2016-6001M

Dear Mr. Pearson:

From May 18 – May 22, 2015, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Magellan Terminals Holdings, LP's (Magellan) procedures in New Haven, Connecticut.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Magellan's plans or procedures, as described below:

1. § 195.402 Procedural manual for operations, maintenance, and emergencies

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart . . .

Magellan's procedures for operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart were inadequate for aboveground storage tanks. Specifically, the procedures failed to provide sufficient guidance on documenting hydrostatic testing of Breakout Tanks as per §195.432.

Magellan's Aboveground Storage Tank Hydrostatic Testing Procedure was inadequate in that Magellan failed to require records be kept as per the requirements in §195.310(b).

During the inspection, the PHMSA inspector reviewed Magellan's 7.10-ADM-007 – Aboveground Storage Tank Hydrostatic Testing Procedure revision 2 dated 2/13/13. Section 2.4 Documentation states in part that, "Hydrostatic test results shall be recorded on the Hydrostatic Test Form . . ." Neither the procedure, nor the referenced form included sufficient guidance to address the requirements of

§195.310(b) such as:

1. The pressure recording charts
2. Test instrument calibration data
3. The minimum test pressure
4. An explanation of any pressure discontinuities, including test failures, that appear on the pressure recording charts
5. Where elevation differences in the section under test exceed 100 feet (30 meters), a profile of the pipeline that shows the elevation and test sites over the entire length of the test section

2. § 195.402 Procedural manual for operations, maintenance, and emergencies

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part

Magellan's procedures for operating, maintaining and repairing the pipeline system in accordance with each of the requirements of this subpart were inadequate for aboveground storage tanks. Specifically, Magellan's Out-Of-Service Inspection Procedure for conducting internal inspections of breakout tanks was inadequate in that it failed to provide sufficient guidance on documentation of inspection and maintenance of out-of-service breakout tanks per §195.432(b).

During the inspection, the PHMSA inspector reviewed Magellan's Out-Of-Service Inspection Procedure 7.10-ADM-005 rev 4, dated 1/1/2015. Section 2.15.1 states that: "The out-of-service inspection shall be recorded on a form provided by the API 653 inspection company performing the inspection." Section 2.15, Documentation, provides guidance on what information must be documented. The procedure does not provide guidance for retention of records in accordance with API Std. 653 Section 6.9.1.

3. § 195.402 Procedural manual for operations, maintenance, and emergencies

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part

Magellan's procedures for operating, maintaining and repairing the pipeline system in accordance with each of the requirements of this subpart were inadequate for aboveground storage tanks. Specifically, Magellan's In-Service Inspection Procedure for conducting external inspections of breakout tanks was inadequate in that it failed to provide sufficient guidance on documentation of inspection and maintenance of out-of-service breakout tanks per §195.432(b).

During the inspection, the PHMSA inspector reviewed Magellan's In-Service Inspection Procedure 7.10-ADM-006 rev 7, dated 1/1/2015. Section 2.12.1 states that: "The in-service inspection shall be recorded on a form provided by the API 653 inspection company performing the inspection." Section 2.12, Documentation provides guidance on what information must be documented. The procedure does not provide guidance for retention of records in accordance with API Std. 653 Section 6.9.1.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. 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).

Following the receipt of this Notice, you have 30 days to submit written comments, revised procedures, or a request for a hearing under §190.211. Failure to respond within 30 days of receipt of this Notice 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 an Order Directing Amendment. If 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. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 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 Robert Burrough, Acting Director, Eastern Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 1-2016-6001M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



Robert Burrough
Acting Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration

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