NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 5, 2014

Mr. Craig Pierson
President
Marathon Pipe Line, LLC
539 South Main Street, room 702-M
Findlay, OH 45840

CPF 2-2014-5003

Dear Mr. Pierson:

On July 9 – 12 & 23 – 27, 2012, and February 26, 2014, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), Southern Region inspected Marathon Pipe Line's (Marathon's) integrity management program in Findlay, Ohio, pursuant to Chapter 601 of 49 United States Code.

As a result of the inspection, it appears that Marathon has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are as follows:

1. **§195.452 Pipeline integrity management in high consequence areas.**
   … (c) What must be in the baseline assessment plan?
   (1) An operator must include each of the following elements in its written baseline assessment plan:
   (i) The methods selected to assess the integrity of the line pipe. An operator must assess the integrity of the line pipe by any of the following methods. 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.
… (C) External corrosion direct assessment in accordance with §195.588; or

Marathon developed its <u>*Standard_MPLMNT127*</u> [1] *"…to provide a standardized process to successfully plan and execute an ECDA* [External Corrosion Direct Assessment] *project."* But, the written "*ECDA Procedures for Cased Pipe"*[2] (ECDA procedures) contained in the <u>*Standard*</u> did not provide for the use of ECDA in accordance with §195.588.

That is, Marathon developed and used its written procedures in <u>*Standard_MPLMNT127*</u> to complete the baseline integrity management assessment of cased pipe using the ECDA method but the ECDA procedures were not in accordance with §195.588 because they did not follow the requirements of NACE SP0502[3] as follows:

A. Marathon's ECDA procedures did not follow the requirements of NACE SP0502 Section 3.4.1 which states *"The pipeline operator shall select indirect inspection tools based on their ability to detect corrosion activity and coating holidays reliably under the specific pipeline conditions to be encountered."*

   - Section 4.1.4 *(Selection of Indirect Inspection Tools)* of Marathon's ECDA procedures stated, *"Casing test methods are expected to provide information about the electrical status of casings (i.e. metallic or electrolytic short)"* and Section 5.1.1 *(Electrical Test Methods to Verify Casing Isolation)* of Marathon's ECDA procedures stated *"Two or more test methods shall be selected to determine casing electrical isolation."* But, nothing in either section of the ECDA procedures described the ability of the tools to detect corrosion activity and coating holidays reliably for line pipe inside a steel casing.
   - Sections 4.1.4.1 *(Qualitative Tests for Casing Isolation)* and 4.1.4.2 *(Quantitative Tests for Casing Isolation)* of Marathon's ECDA procedures included six test methods - four of which were based on indirect inspection tools listed in NACE SP0502, Section 3.4.1 Table 2. That said, Table 2 in NACE SP0502 *(ECDA Tool Selection Matrix)* includes five indirect inspection tools which are identified as *"Not applicable to this tool or not applicable to this application without additional considerations"* for cased piping. But, Marathon's ECDA procedures did not provide additional considerations for the use of these methods to detect corrosion activity and coating holidays reliably on cased piping.

B. Marathon's ECDA procedures did not follow the requirement of NACE SP0502 Section 5 *Direct Examination*. Section 6.1.1 of Marathon's ECDA procedures stated,

---

[1] Marathon Petroleum Company LLC Standard # MPLMNT127, External Corrosion Direct Assessment (ECDA) for Pipelines

[2] Marathon Petroleum Company LLC Standard # MPLMNT127, Attachment 12.5, ECDA Procedures for Cased Pipe, Pipeline External Corrosion Direct Assessment (ECDA)

[3] NACE SP0502–2008, Standard Practice, "Pipeline External Corrosion Direct Assessment Methodology" (reaffirmed March 20, 2008) is incorporated by reference, see §195.3.

"The Direct Examination Step requires excavations to expose the pipe upstream and downstream of the casing then a detailed inspection can be performed." But Marathon's ECDA procedures did not require the direct examination of the line pipe within casings when required for prioritized indications, or other required direct examinations in the ECDA Region identified as most likely for external corrosion.

2. **§195.452 Pipeline integrity management in high consequence areas.**
... (j) What is a continual process of evaluation and assessment to maintain a pipeline's integrity?
… (5) *Assessment methods.* An operator must assess the integrity of the line pipe by any of the following methods. 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.
… (iii) External corrosion direct assessment in accordance with §195.588; or

Marathon developed its <u>*Standard MPLMNT127*</u> *"…to provide a standardized process to successfully plan and execute an ECDA* [External Corrosion Direct Assessment] *project."* But, the written *"ECDA Procedures for Cased Pipe"* contained in in the <u>*Standard*</u> did not provide for the use of ECDA in accordance with §195.588.

That is, Marathon developed and used its written procedures in <u>*Standard MPLMNT127*</u> to complete the continual process of evaluation and assessment to maintain a pipeline's integrity (i.e. reassessments) of cased pipe using the ECDA method but the ECDA procedures were not in accordance with §195.588 because they did not follow the requirements of NACE SP0502 as follows:

A. Marathon's ECDA procedures did not follow the requirements of NACE SP0502 Section 3.4.1 which states *"The pipeline operator shall select indirect inspection tools based on their ability to detect corrosion activity and coating holidays reliably under the specific pipeline conditions to be encountered."*

- Section 4.1.4 *(Selection of Indirect Inspection Tools)* of Marathon's ECDA procedures stated, *"Casing test methods are expected to provide information about the electrical status of casings (i.e. metallic or electrolytic short)"* and Section 5.1.1 *(Electrical Test Methods to Verify Casing Isolation)* of Marathon's ECDA procedures stated *"Two or more test methods shall be selected to determine casing electrical isolation."* But, nothing in either section of the ECDA procedures described the ability of the tools to detect corrosion activity and coating holidays reliably for line pipe inside a steel casing.
- Sections 4.1.4.1 *(Qualitative Tests for Casing Isolation)* and 4.1.4.2 *(Quantitative Tests for Casing Isolation)* of Marathon's ECDA procedures included six test methods - four of which were based on indirect inspection tools listed in NACE SP0502, Section 3.4.1 Table 2. That said, Table 2 in NACE SP0502 *(ECDA Tool Selection Matrix)* includes five indirect inspection tools which are identified as

"Not applicable to this tool or not applicable to this application without additional considerations" for cased piping. But, Marathon's ECDA procedures did not provide additional considerations for the use of these methods to detect corrosion activity and coating holidays reliably on cased piping.

B. Marathon's ECDA procedures did not follow the requirement of NACE SP0502 Section 5 *Direct Examination*. Section 6.1.1 of Marathon's procedures stated, *"The Direct Examination Step requires excavations to expose the pipe upstream and downstream of the casing then a detailed inspection can be performed."* But Marathon's ECDA procedures did not require the direct examination of the line pipe within casings when required for prioritized indications, or other required direct examinations in the ECDA Region identified as most likely for external corrosion.

3. §195.452 Pipeline integrity management in high consequence areas.
…(l) *What records must be kept?* (1) An operator must maintain for review during an inspection:
…(ii) Documents to support the decisions and analyses, including any modifications, justifications, variances, deviations and determinations made, and actions taken, to implement and evaluate each element of the integrity management program listed in paragraph (f) of this section.

Marathon did not maintain for review during an inspection documents to support the decisions and analyses it made to evaluate its ECDA procedures, which were contained in its *Standard MPLMNT127* and were used to assess the integrity of line pipe in casings.

That is, Marathon did not provide documents to the PHMSA inspector during the inspection to support the decisions and analyses it made to evaluate its ECDA procedures.

4. §195.588 What standards apply to direct assessment?
…(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 an External Corrosion Direct Assessment (ECDA) plan that includes procedures addressing pre-assessment, indirect examination, direct examination, and post-assessment.

Marathon did not follow the requirements of NACE SP0502 when it used ECDA to assess the integrity of line pipe that could affect a High Consequence Area (HCA).

Marathon performed the baseline assessment of the line pipe that could affect an HCA in the Lebanon Junction Mid-Valley to Lebanon Junction 20" pipeline in 2010 and 2011using ECDA. But, the Lebanon Junction Mid-Valley to Lebanon Junction 20" pipeline included line pipe in a casing at the pipeline crossing of Highway 61. Marathon did not assess the line pipe in the casing at Highway 61 using ECDA in accordance with NACE SP0502 because Marathon used its *"ECDA Procedures for Cased Pipe"* contained

in its *Standard MPLMNT127* and those ECDA procedures did not meet the requirements of NACE SP0502.

In 2010 and 2011, Marathon conducted the reassessment of the line pipe in the Lima Metering – Lima Tank Farm 22" & 16" and the Lima Metering – Lima Maumee 24"-16" pipelines using ECDA. The Lima Metering – Lima Tank Farm 22" & 16" pipeline included two sections of line pipe in casings at the crossings of Dixie Highway and the B&O Railroad. The Lima Metering – Lima Maumee 24"-16" pipeline also included line pipe in a casing at the crossing of Dixie Highway. Marathon did not assess the line pipe in the casings at the Dixie Highway crossings and the line pipe in the casing at the B&O Railroad crossing using ECDA in accordance with NACE SP0502 because Marathon used its "*ECDA Procedures for Cased Pipe"* contained in its *Standard MPLMNT127* and those ECDA procedures did not meet the requirements of NACE SP0502.

Proposed Civil Penalty

Under 49 United States Code, § 60122, Marathon is 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. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violations and has recommended that Marathon be preliminarily assessed a civil penalty of $24,400 as follows:

Item number	Penalty
3	$ 24,400

Proposed Compliance Order

With respect to items 1, 2, and 4, pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Marathon Pipe Line, LLC. Please refer to the *Proposed Compliance Order,* which is enclosed and made a part of this Notice.

Response to this Notice

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.

In your correspondence on this matter, please refer to **CPF 2-2014-5003** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Wayne T. Lemoi
Director, Office of Pipeline Safety
PHMSA Southern Region

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Marathon Pipe Line, LLC a Compliance Order incorporating the following remedial requirements to ensure the compliance of Marathon Pipe Line, LLC with the pipeline safety regulations:

1. In regard to Item Numbers 1 and 2 of the Notice pertaining to the failure of Marathon to include in its written integrity management procedures for completing baseline assessments and reassessments the use of External Corrosion Direct Assessment (ECDA) in accordance with §195.588, which requires an operator to follow NACE SP0502, Marathon must
    a. Within 120 days of issuance of a Final Order, modify its written integrity management ECDA procedures for completing baseline assessments and reassessments such that the procedures are in accordance with §195.588; and,
    b. Within 60 days of completion of the procedural modifications, make all records, and documentation showing the modification of the plans available for OPS inspection.

2. In regard to Item Number 4 of the Notice pertaining to the failure of Marathon to follow the requirements of NACE SP0502 when it used ECDA to assess the integrity of line pipe that could affect a high consequence area (HCA) in the Lebanon Junction Mid-Valley to Lebanon Junction 20", the Lima Metering-Lima Tank Farm 22" & 16" and the Lima Metering-Lima Maumee 24"-16" pipelines; Marathon must
    a. assess the line pipe in casings of the above pipelines in accordance with §195.452(c)(1)(i) or §195.452(j)(5), as appropriate, within 150 days of the issuance of a Final Order,
    b. notify the OPS Southern Region of the assessment method(s) to be used and provide the procedures for performing the assessments at least 120 days prior to assessing the line pipe,
    c. notify the OPS Southern Region of the planned date(s) for performing each assessment at least 30 days prior to assessing the line pipe,
    d. notify the OPS Southern Region when each assessment has been completed; and
    e. within 30 days of the completion of each assessment, Marathon must make available for OPS inspection all records and documentation showing the completion of the assessment.

3. It is requested (not mandated) that Marathon maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Wayne T. Lemoi, Director, Southern Region – Office of Pipeline Safety, 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.