

December 16, 2019

Via Certified Mail Return Receipt Requested



Mr. Allan Beshore, Director
Central Region, Pipeline Hazardous Materials and Safety Administration
901 Locust Street, Suite 462
Kansas City, MO 64106-2641

Re: CPF No. 3-2019-5007

Dear Mr. Beshore,

Magellan Pipeline Company, L.P. ("Magellan") received a Notice of Probable Violation (NOPV), Proposed Civil Penalty, and Proposed Compliance Order, CPF 3-2019-5007, on October 15, 2019. In accordance with *Response Options for Pipeline Operators in Enforcement Proceedings*, Magellan requested on November 6, 2019 an extension of time to prepare an appropriate response to the Notice. Pursuant to 49 CFR 190.209, Magellan also included in this request a copy of the Case File to review the factual basis for the allegations and a copy of the Proposed Civil Penalty Worksheet. On November 25, 2019, Magellan received approval for an extension of an additional 30 days, or until December 16, 2019, along with the Pipeline Safety Violation Report and the Proposed Civil Penalty Worksheet. On December 10, 2019, Magellan met with PHMSA Central Region to discuss the Notice and hereby submits the following response in accordance with the *Response Options for Pipeline Operators in Enforcement Proceedings*.

The NOPV alleged that Magellan committed two probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (C.F.R.). Magellan summarizes its response as follows:

- Magellan contests sections of the allegation and elects not to have a hearing.
- Probable Violation 1 references three "occasions" where Magellan did not follow its O&M manual. Magellan is not contesting the referenced occasion on July 20, 2016 at Bateman Station. Magellan does contest the occasions referenced on September 27, 2016 at Rockford Station and January 25, 2017 at the Magellan Control Room as the facts do not prove that a violation occurred.
- Magellan does not contest Probable Violation 2.
- Magellan requests a reduction to the Proposed Civil Penalty for Probable Violation 1 based on a revised "Gravity" score in consideration of the removal of the occasions documented on September 27, 2016 and January 25, 2017.

- Magellan contests the basis utilized in the penalty calculation for Probable Violation 1 and Probable Violation 2 regarding the History of Prior Offenses and requests a reduction of Proposed Civil Penalty.

Please see the following detailed response for each item:

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

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

On multiple occasions, Magellan did not follow its O&M manual by failing to make necessary records and maps available to personnel for safe operation and maintenance of the pipeline. PHMSA inspectors observed the function of remotely operated valves that involved control room and field personnel. The valves could not be safely operated, because maps and records were not suitably available for use by operating and maintenance personnel during the performance of these operations following the requirements of 195.402 (c)(1).

On July 20th, 2016, at Bateman Station in Wisconsin, PHMSA performed an Operator Qualification Task Protocol 9 Evaluation on a remote motor operated valve task. As part of this task the valve was to be remotely operated by the control room. During the performance of this task, involving the field personnel and the pipeline controller, the wrong valve was opened.

On September 27th, 2016, at Rockford Station in Illinois, Magellan field personnel called the control room to operate a remote operated valve. The field personnel and the controller had trouble identifying which valve was to be safely operated.

On January 25th, 2017, at Magellan's Control Room, a pipeline controller was unable to produce maps or records that could properly identify the location of valves to field personnel.

MAGELLAN RESPONSE:

Magellan does not contest the occasion on July 20, 2016 at Bateman Station in Wisconsin.

Magellan requests that the occasion on September 27, 2016 at Rockford Station be removed from Probable Violation 1 and the Proposed Civil Penalty. The Pipeline Safety Violation Report does not include any additional details, facts, or descriptions regarding the alleged violation from that described in the Probable Violation. On December 13, 2019 additional Case File documentation was received by Magellan from PHMSA that included the following note: "Operated the valve remotely and local. Controller had some trouble identifying. It has a number in PID." However, according to Magellan notes taken at the time of inspection, the inspector requested that Magellan operate the mainline valve by calling the Magellan Control Room and requested that the valve be opened. The phone call

was placed on speaker so that the inspectors could listen. The local Magellan representative described the valve to the Controller to ensure the correct valve was operated. There is no available record regarding how the valve was described or what information was used to describe the valve. Magellan routinely emphasizes the importance of effective communication and planning when operating a valve to ensure a valid line up. Magellan does not believe verification of a line up from an unplanned request during a non-emergency situation to the Control Room warrants a Probable Violation. The correct valve was operated without incident during the inspection.

Magellan requests that the occasion on January 25, 2017 at Magellan's Control Room be removed from Probable Violation 1 and the Proposed Civil Penalty. On January 25th Magellan met with PHMSA representatives for a wrap up meeting regarding outstanding items associated with the inspection that occurred on various dates from May 16, 2016 to January 25, 2017. During the wrap up meeting, PHMSA inspectors requested a tour of the Control Room. Magellan was not made aware of any potential Probable Violation regarding the visit to the Control Room on January 25th until receipt of the NOPV on October 15, 2019. The Probable Violation states "On January 25th, 2017, at Magellan's Control Room, a pipeline controller was unable to produce maps or records that could properly identify the location of valves to field personnel." The Pipeline Safety Violation Report does not include any additional details, facts, or descriptions regarding the alleged violation from that described in the Probable Violation. As described to Magellan by PHMSA on December 13, 2019 via email, a Control Room representative was asked if the valve numbering on the SCADA screen matched that in the field. When inquired if the Magellan representative had access to P&ID's to confirm specific valve locations in the field, the individual stated he did not. All Magellan employees have access to maps and records including P&ID's through the Magellan Intranet Webpage which is available within the Control Room. It would not be expected of Controllers in the Control Room to typically access P&ID's as other Magellan programs and processes are in place to ensure accurate SCADA screens and nomenclature to reduce the complexity of operations for the Controller.

2. 195.428 Overpressure safety devices and overfill protection systems.

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7 1/2 months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

Magellan did not inspect overfill protection on breakout tanks used to store Highly Volatile Liquids (HVL) at least twice a year not to exceed 7 ½ months. HVL tanks 2021, 2022, 2023 and 2024 located at Magellan's Des Moines, Iowa terminal were put in to service in 2009. Records presented to inspectors showed that no inspection of the overfill protection system was performed after the tanks were put into service until June 30, 2016.

MAGELLAN RESPONSE:

Magellan does not contest this Probable Violation.

Magellan requests the Compliance Order associated with Item 1 be removed from the Notice as the correction has already been made. As part of the ongoing dialogue during the 2016 inspection, Magellan implemented corrective actions regarding the requirements for remote controlled valve identification and physical tagging of the asset. These requirements were incorporated into Magellan procedure 7.13-ADM-1035, Mainline Valve Inspection Procedure. This procedure modification has been provided to the PHMSA.

Magellan requests that the Proposed Civil Penalty be recalculated based upon the removal of the previously identified occasions on September 27, 2016 and January 25, 2017 included in Probable Violation 1. Magellan additionally requests a revision to the Proposed Civil Penalty with regards to Part C – History of Prior Offenses as documented on Page 3 of the Pipeline Safety Violation Report. The History of Prior Offenses for Violation Report (for the 5-year period to the approximate date of this inspection's NOPV letter) includes two findings from June 2, 2014 and four findings from September 2, 2014. These six documented findings occurred outside of the 5-year period of this NOPV which was issued on October 11, 2019.

If you have any questions or need additional information, please contact me by phone at (918) 574-7073 or e-mail at mark.materna@magellanlp.com to discuss.

Sincerely,



Mark Materna
Director, Pipeline Integrity

Cc: Jason Smith, Vice President, Asset Integrity, Magellan