

WARNING LETTER

VIA ELECTRONIC MAIL TO: aaron.milford@magellanlp.com;
Katie.McCullough@MagellanLP.com

July 7, 2022

Aaron L. Milford
Chief Executive Officer
Magellan Midstream Partners, LP
P.O. Box 22186
Tulsa, Oklahoma 74121

CPF 3-2022-049-WL

Dear Mr. Milford:

From March 21 through October 22, 2021, representatives 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 Magellan Midstream Partners, LP's (Magellan) petroleum pipeline facilities in Tulsa and Shinn Pence, Oklahoma, and Cheyenne, Wyoming.

As a result of the inspection, it is alleged that Magellan has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

1. §195.118 Fittings

(a)

(c) The fitting must be suitable for the intended service and at least as strong as the pipe and other fittings in the pipeline system to which it is attached.

Magellan failed to have fittings that were at least as strong as the pipe and other fittings in the pipeline system to which they were attached. During a field audit, PHMSA observed a pig launcher/receiver with a manufacture stamp documenting that the maximum allowable working pressure for the pipeline launcher/receiver was 450 psig. However, the pipeline had a maximum operating pressure of 720 psig at the West Tulsa Terminal, which includes the launcher/receiver. In addition, PHMSA observed a pipeline filter separator at the West Tulsa Terminal with a design pressure of 270 psig even though the maximum operating pressure of the pipeline associated with the filter separator was 275 psig.

2. §195.264 Impoundment, protection against entry, normal/emergency venting or pressure/vacuum relief for aboveground breakout tanks.

(a)

(b) After October 2, 2000, compliance with paragraph(a) of this section requires the following for the aboveground breakout tanks specified:

(1) For tanks built to API Spec 12F, API Std 620, and others (such as API Std 650 (or its predecessor Standard 12C)), the installation of impoundment must be in accordance with the following sections of NFPA-30 (incorporated by reference, see § 195.3).

(i) Impoundment around a breakout tank must be installed in accordance with section 22.11.2;

Magellan failed to install impoundment around a breakout tank in accordance with NFPA-30, Section 22.11.2. PHMSA inspectors observed, during the on-site inspection at Reno Terminal in Oklahoma City, that the impoundment area for Tank 1245 (installed in 2008) failed to have an intermediate dike, be subdivided or have a drainage channel. NFPA-30, Section 22.11.2 (incorporated by reference) requires that each diked area containing two or more tanks be subdivided in order to prevent minor tank spills from endangering adjacent tanks within the diked area. PHMSA notes that after the inspection observation and discussion, Magellan completed modifications to the terminal to incorporate impoundment subdivision on or about January 6, 2022.

3. §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 7½ 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 failed to inspect and test Pressure Control Valve number 10 (PCV10) at the Chenneye Terminal in order to determine that it was functioning properly, was in good mechanical condition, and was adequate from the standpoint of capacity and reliability of operation for the service in which it was used at intervals not exceeding 15 months, but at least once each calendar year for calendar years 2019 and 2020. PHMSA reviewed the Protective and Control Device Inspection Records (07-Form-0741) alongside the Piping and Instrumentation Diagram and could not locate a record for PCV10 at the Cheyenne Terminal. Magellan responded to PHMSA's request for the inspection records stating that Magellan did not have the inspection records. After PHMSA identified the missing inspection for PCV10, Magellan completed an inspection and documented the results on 07-FORM-0741 on August 31, 2021.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,142 for a related series of violations. For violation occurring on or after May 3, 2021 and before March 21, 2022, the maximum penalty may not exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019 and before January 11, 2021, the maximum penalty may not 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.

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 items identified in this letter. Failure to do so will result in Magellan Midstream Partners, 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 3-2022-049-WL**. 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,

Gregory A. Ochs
Director, Central Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

cc: Katie McCullough, P.E. Manager, Integrity Management and Regulatory Compliance,
Katie.McCullough@MagellanLP.com