U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

901 Locust Street, Suite 480
Kansas City, MO 64106

# WARNING LETTER

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

July 6, 2022

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

**CPF 3-2022-050-WL**

Dear Mr. Milford:

From June 21 to June 25, 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 your Magellan Osage Cimarron petroleum pipeline facilities in Cushing, Oklahoma.

As a result of the inspection, it is alleged that Magellan Terminals Holdings, LP (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. §195.262 Pumping equipment.**

> **(a) . . . .**
> **(b) The following must be provided in each pump station:**
> **(1) . . . .**
> **(2) A device for the emergency shutdown of each pumping station.**

Magellan failed to comply with the regulation because it did not provide a designated device for the emergency shutdown (ESD) of each pump station. An ESD is a device that is designed to initiate the process to shut down the station or a facility in the event of a failure or a hazardous situation. During the on-site inspection at the Shinn Pence facility, the pumping station that PHMSA observed did not have a physical ESD for the entire pump station that went into commission in 2019. An suitable ESD was installed in the southwest corner of the facility after PHMSA's observation and discussion on or before August 17, 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 Terminals Holdings, 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 3-2022-050-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 ALAN OCHS Digitally signed by GREGORY ALAN OCHS
Date: 2022.07.06 16:14:18 -05'00'

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