

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

03/02/2017

Michael C. Pearson
Senior Vice President
Magellan Pipeline Company, LP
One Williams Center.
Tulsa, OK, 74172

CPF 4-2017-5007W

Dear Mr. Pearson

On July 11 through October 27, 2016, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Texas City Crude and Refined Products Systems in Texas City, TX.

As a result of the inspection, it is alleged that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The item inspected and the probable violation is:

1. §195.583 What must I do to monitor atmospheric corrosion control?

(a) You must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:

**If the pipeline is located:
Onshore**

Offshore

Then the frequency of inspection is:

**At least once every 3 calendar years, but with
intervals not exceeding 39 months**

**At least once each calendar year, but with
intervals not exceeding 15 months**

Magellan failed to conduct an atmospheric corrosion inspection at least once every 3 calendar years, but with intervals not exceeding 39 months as required by §195.583 for two aboveground mainline valves at Carr Junction. Based on a review of atmospheric corrosion control records, it does not appear that the tests required by §195.583 were performed. Furthermore, Magellan indicated that the valves were never included in a documented atmospheric inspection performed by a previous Operator and subsequently no atmospheric inspection records were generated.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$205,638 per violation per day the violation persists up to a maximum of \$2,056,380 for a related series of violations. For violation occurring between January 4, 2012 to August 1, 2016, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$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. 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 item(s) identified in this letter. Failure to do so will result in Magellan Pipeline Company, 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 4-2017-5007W**. 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,

R.M. Seeley
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration