



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

1200 New Jersey Ave., S.E.
Washington, DC 20590

OCT 22 2007

Mr. W.M. Hulse
President
Murphy Oil USA, Inc.
200 Peach Street
El Dorado, AR 71730

Re: CPF No. 3-2004-5017

Dear Mr. Hulse:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It makes findings of violation and assesses a civil penalty of \$9,000. I acknowledge receipt of your wire transfer of \$9,000 on August 13, 2004, and accept it as payment in full of the civil penalty assessed herein. The Final Order also finds that you have completed the actions specified in the Notice required to comply with the pipeline safety regulations and that you have addressed the inadequacies in your procedures that were cited in the Notice of Amendment. Therefore, this case is now closed. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

James Reynolds
Pipeline Compliance Registry

cc: Ivan Huntoon
Director, Central Region, PHMSA

Enclosure

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

**DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, DC 20590**

In the Matter of)
)
Murphy Oil USA, Inc.,)
)
Respondent)

CPF No. 3-2004-5017

FINAL ORDER

On July 16, 2004, in accordance with 49 C.F.R. § 190.207, the Director, Central Region, Pipeline and Hazardous Materials Safety Administration (PHMSA), issued to Respondent a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice) following an onsite inspection of Respondent's facilities and records in Superior, Wisconsin. The Notice proposed finding that Respondent committed violations of 49 C.F.R. Part 195, assessing a civil penalty of \$9,000 for the alleged violations, and ordering Respondent to take certain measures to correct the alleged violations. The Notice also alleged certain inadequacies in Respondent's operating and maintenance procedures and proposed, in accordance with 49 C.F.R. § 190.237, that they be revised. The Notice further warned that Respondent had committed certain probable violations of 49 C. F. R. Part 195 and advised Respondent to take appropriate corrective action.

Respondent responded to the Notice by letter dated August 12, 2004. Respondent did not contest the allegations in the Notice and submitted a wire transfer in the amount of the proposed civil penalty (\$9,000), thereby waiving further rights to respond and authorizing the entry of this Final Order. Respondent also provided information concerning the corrective measures it had taken and submitted copies of its amended procedures.

Pursuant to 49 C.F.R. § 190.213 and 49 U.S.C. § 60122, I hereby find that Respondent violated the following sections of 49 C.F.R. Part 195, as more fully described in the Notice:

Item 2. The Notice alleged that Respondent violated 49 C.F.R. § 195.403(b)(1), which states:

§ 195.403. Emergency response training.

- (a)....
- (b) At intervals not exceeding 15 months, but at least once each calendar year, each operator shall:
 - (1) Review with personnel their performance in meeting the objectives of the training program set forth in paragraph (a) of this section;....¹

Specifically, Item 2 alleged that Respondent violated 49 C.F.R. § 195.403(b)(1) by failing to review with personnel their performance in meeting the objectives of the training program. I find that Respondent did not review with employees their annual performance nor did records exist to show how the employees would have met the objectives of their assigned tasks and Respondent's operating and maintenance procedures.

Item 3. The Notice alleged that Respondent violated 49 C.F.R. § 195.404(a), which states:

§ 195.404. Maps and records.

- (a) Each operator shall maintain current maps and records of its pipeline systems that include at least the following information:
 -
 - (3) The maximum operating pressure of each pipeline;
 - (4) The diameter, grade, type and nominal wall thickness of all pipe.

Specifically, Item 3 of the Notice alleged that Respondent violated 49 C.F.R. § 195.404(a) by failing to maintain maps and records that included information regarding the maximum operating pressure (MOP) of each pipeline and its diameter, grade, type, and nominal wall thickness. I find that Respondent did not have records to support how the MOP for each segment of the system was established, nor did it have pipe and component data, calculations, and test record information to support the stated MOP for each of the 6-inch, 8-inch, and 10-inch nominal diameter pipeline segments and their associated components.

Item 6. The Notice alleged that Respondent violated 49 C.F.R. § 195.416(j), which states:

§195.416. External corrosion control.

- (a)
- (j) For aboveground breakout tanks where corrosion

¹ The violations date to the 2001 inspection and refer to the regulations in effect at that time.

of the tank bottom is controlled by a cathodic protection system, the cathodic protection system must be inspected to ensure it is operated and maintained in accordance with API Recommended Practice 651, unless the operator notes in the procedure manual (§ 195.402(c)) why compliance with all or certain provisions of API Recommended Practice 651 is not necessary for the safety of a particular breakout tank.

Specifically, Item 6 of the Notice alleged that Respondent violated 49 C.F.R. § 195.416(j) by failing to inspect and monitor the cathodic protection for an aboveground breakout tank where the tank bottom was cathodically protected. I find that Respondent did not inspect and monitor the cathodic protection for Tank 25 during the three calendar years preceding the PHMSA inspection.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent. Having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$9,000, which amount has already been paid by Respondent.

COMPLIANCE ORDER

With respect to Item 3, the Notice proposed a compliance order for Respondent's failure to maintain records to support how the MOP for each segment of the system was established. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. The Director, Central Region, PHMSA has indicated that Respondent has provided information confirming the MOP for each pipeline segment and has established records identifying information related to the pipe and component specifications and pressure test records. Since compliance has been achieved with respect to this violation, it is unnecessary to include compliance terms in this Order.

AMENDMENT OF PROCEDURES

With respect to Item 1, the Notice alleged inadequacies in Respondent's operating and maintenance procedures and proposed to require amendment of Respondent's procedures to comply with the requirements of Part 195. In its response, Respondent submitted copies of its amended procedures, which the Director, Central Region, OPS has reviewed. The Director has determined that Respondent has amended its procedures for maintenance and normal operations to provide better clarity and direction to employees. Based on the results of this review, I find that Respondent's original procedures, as described in the Notice, were inadequate, but that Respondent has corrected the identified inadequacies. Therefore, no need exists to issue an order directing amendment.

WARNING ITEMS

With respect to Items 4, 5 and 7, the Notice alleged probable violations of Part 195 but did not propose a civil penalty or compliance order for these items. Therefore, these are considered to be warning items. The warnings were as follows:

Item 4. 49 C.F.R. § 195.404(c)(3) — failure to maintain records of each required inspection for the applicable period. The Notice alleged that Respondent did not have records of annual inspections of the overfill protection systems for tanks 21, 22, 23, and 25 for the 2000-2001 period;

Item 5. 49 C.F.R. § 195.416(a) — failure to conduct annual cathodic protection testing. The Notice alleged that Respondent did not have records demonstrating the adequacy of cathodic protection for the specified area along the heavy oil pipeline during the three calendar years preceding the PHMSA inspection; and

Item 7. 49 C.F.R. § 195.418(a) — failure to investigate the potential corrosive effect of hazardous liquids transported. The Notice alleged that Respondent did not have records supporting the establishment of an internal corrosion control program that included analysis and control of the potential corrosive effects of the three types of oil being transported.

Respondent presented information in its Response showing that it had initiated certain actions to address the cited items. Having considered such information, I find, pursuant to 49 C.F.R. § 190.205, that probable violations of 49 C.F.R. § 195.404(c)(3) (Notice Item 4), 49 C.F.R. § 195.416(a) (Notice Item 5), and 49 C.F.R. 195.418(a) (Notice Item 6) have occurred and Respondent is hereby advised to correct such conditions. In the event that OPS finds a violation for any of these items in a subsequent inspection, Respondent may be subject to future enforcement action.

The terms and conditions of this Final Order are effective on receipt.

William H. Gulte
for

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

OCT 22 2007

Date Issued