

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 8, 2009

Timothy Felt
President and Chief Executive Officer
Colonial Pipeline Company
1185 Sanctuary Parkway, Suite 100
Alpharetta, GA 30009

CPF 2-2009-5001

Dear Mr. Felt:

Between November 17 and December 12, 2008, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code conducted an onsite pipeline safety inspection of your pipeline facilities and records in North Carolina, Mississippi, Alabama, and Georgia.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations, Part 195. The items inspected and the probable violations are:

§195.573 What must I do to monitor external corrosion control?

(e) Corrective action. You must correct any identified deficiency in corrosion control as required by Sec. 195.401(b). However, if the deficiency involves a pipeline in an integrity management program under Sec. 195.452, you must correct the deficiency as required by Sec.195.452(h).

§195.401 General requirements.

(b) Whenever an operator discovers any condition that could adversely affect the safe operation of its pipeline system, it shall correct it within a reasonable time. However, if the condition is of such a nature that it presents an immediate hazard to persons or property, the operator may not operate the affected part of the system until it has corrected the unsafe condition.

Discovered non-hazardous deficiencies as a result of corrosion control surveys, as required by §195.573(e). Colonial did not correct within a reasonable time. PHMSA generally considers a “reasonable time” to be the maximum time allowed between required annual cathodic protection surveys (15 months maximum from discovery of a deficient survey reading).

A. Line 401-01 (Alabama)

Milepost 5161+79, Woods Rd.

03/15/2006: -0.800v

05/22/2007: -0.810v

02/16/2008: -0.811v

09/12/2008: -1.224v

B . Line 402-01 (Alabama)

Milepost 5553+10, MBV @ Pelham Station.

05/23/2006: -0.608v

05/23/2007: -0.530v Remarks: Ground bed depleted, new ground bed installed in December 2007.

02/11/2008: -0.920v

C. Line 403-01 (Alabama)

Milepost 10042+11, Co Rd 437.

05/20/2006: -0.432v

05/17/2007: -0.539v

02/13/2008: -2.246v Remarks: Ground bed depleted, corrected in December 2007.

Milepost 10061+54, Co Rd.

05/20/2006: -0.832v

05/17/2007: -0.685v

02/13/2008: -1.517v Remarks: Ground bed depleted, corrected in December 2007.

Milepost 10062+44, SNG XING 14”.

05/20/2006: -0.520v

05/17/2007: -0.486v

02/13/2008: -1.176v Remarks: Ground bed depleted, installed a new ground bed in December 2007.

Milepost 10064+94, Span TS. Remarks: Ground bed depleted. New bed was installed at the end of 2007.

05/20/2006: -0.632v

05/17/2007: -0.532v

02/13/2008: -1.285v Remarks: Ground bed depleted, corrected in December 2007.

D. Line 403-02 (Alabama)

Milepost 10021+78, Co Rd 437, Remarks: Ground bed depleted, new ground bed was installed at the end of 2007.

05/20/2006: -0.555v

05/17/2007: -0.637v

02/13/2008: -2.555v Remarks: Ground bed depleted, corrected in December 2007.

Milepost 10041+56, SNG XING 12". Remarks: Ground bed depleted. New bed was installed at the end of 2007.

05/20/2006: -0.537v

05/17/2007: -0.477v

02/13/2008: -2.012v Remarks: Ground bed depleted, corrected in December 2007.

Milepost 10042+12, SNG XING 14". Remarks: Ground bed depleted. New bed was installed at the end of 2007.

05/20/2006: -0.624v

05/17/2007: -0.431v

02/13/2008: -1.650v Remarks: Ground bed depleted, corrected in December 2007.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation and has recommended that you be preliminarily assessed a civil penalty of \$22,500 as follows:

Item number

1

Penalty

\$ 22,500

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. 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). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

In your correspondence on this matter, please refer to **CPF 2-2009-5001** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Linda Daugherty
Director, Southern Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*