



Colonial Pipeline Company

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May 11, 2009

Ms. Linda Daugherty
Director, Southern Region
Pipeline and Hazardous Materials Safety Administration
233 Peachtree Street, Suite 600
Atlanta, Georgia 30303

Subject: Notice of Probable Violation and Proposed Civil Penalty
CPF No. 2-2009-5001

Dear Ms. Daugherty:

This letter is in response to PHSMA's Notice of Probable Violation and Proposed Civil Penalty CPF No. 2-2009-5001 (the "Notice") dated April 8, 2009 and received by Colonial on April 14, 2009 relating to a November-December 2008 inspection of Colonial's pipeline facilities and records in North Carolina, Mississippi, Alabama, and Georgia.

The Notice provides that Colonial has 30 days from receipt of the Notice to submit written explanations, information, or other materials in response to the allegations and/or seek elimination or mitigation of the proposed civil penalty.

Notice Allegations and Colonial's Responses

Colonial is not contesting the allegations and is not requesting a hearing. Colonial's response describes the corrective actions that had been completed for these items at the time of the November-December 2008 inspection and the improvements made in order to control future compliance risk.

The text of the Notice is shown below in italics, immediately followed by Colonial's response:

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: -0.431 v

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

Colonial Response:

Colonial has an ongoing corrosion control program in place that addresses test readings of cathodic protection (CP) levels that do not meet one or more of our criteria. Colonial adheres to the continuing use of successfully applied criteria on our pipeline system that is referenced in NACE International Standard RP 0169.

Following the identification of a large number of deficient areas in Alabama in 2006, Colonial investigated, tested, prioritized and developed corrective actions to address the risk to the pipelines in a timely manner. Extensive CP upgrade and recoating projects were completed during 2007 and 2008 to address CP deficiencies on Colonial's pipelines throughout Alabama including Colonial locations 401-01, 402-01, 403-01, and 403-02 that are cited in the Notice. Resurveys performed in February 2008 after the CP upgrade and recoating projects confirmed that locations 402-01, 403-01, and 403-02 were remediated. Remediation of location 401-01 was completed and met Colonial's criteria for CP by September 2008. The remediation work was all completed prior to the inspection by PHMSA.

Many sub-standard CP areas are addressed each year along Colonial's pipelines but the time required to determine if a cathodic protection deficiency exists (discovery of a deficiency) and make repairs varies based on the conditions at each site and the number of deficiencies discovered in the year. Colonial has increased the number of employees assigned to evaluate the CP systems and has realigned the corrosion control employees with the maintenance employees and contractors responsible for making repairs. The organizational and CP system improvements are designed to improve the timeliness and effectiveness of any required remediation work.

If you should have any questions concerning any of the information contained herein, please feel free to contact me.

Respectfully,



Doug Belden
Vice President and General Manager - Operations

cc: T. C. Felt
D. J. Pruitt
M. N. Cutting
S. S. Thomas
D. Yeager
D. V. Pearson
C. P. Sims
A. M. Taylor

Chai, Nancy <PHMSA>

From: Daugherty, Linda <PHMSA>
Sent: Tuesday, May 12, 2009 8:12 AM
To: Chai, Nancy <PHMSA>
Subject: FW: Colonial's response to CPF 2-2009-5001
Attachments: Colonial_Response_CPF_2-2009-5001.pdf

Fyi...

From: Taylor, Mac [mailto:ATaylorJ@colpipe.com]
Sent: Monday, May 11, 2009 4:42 PM
To: Daugherty, Linda <PHMSA>
Cc: Shoaib, Mohammed <PHMSA>; Felt, Tim; Belden, Doug; Pruitt, Darren J; Cutting, Mike; Thomas, Stephen S; Yeager, Danika; Pearson, David; Sims, Carole
Subject: Colonial's response to CPF 2-2009-5001

Colonial's response to PHMSA's Notice of Probable Violation and Proposed Civil Penalty related to the correction of 2006-2007 corrosion control deficiencies in Alabama is attached in electronic format as requested. The signed original is being mailed by USPS.