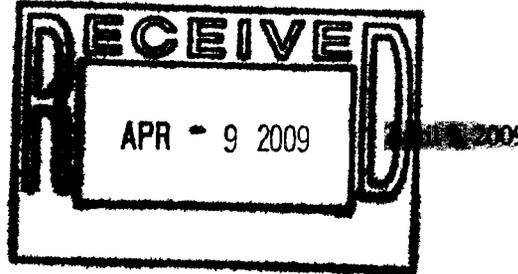


Air Products and Chemicals, Inc.
7201 Hamilton Boulevard
Allentown, PA 18195-1501
Telephone (610) 481-4911

PHMSA / Office of Pipeline Safety
Director, South West Region
8701 S. Gessner Ste. 1110
Houston, TX. 77074



Ref.: CPF - 4-2009-1008
Notice of Probable Violation and Proposed Compliance Order

Attn: Mr. Rodrick M. Seeley / Director – Southwest Region

Dear Mr. Seeley:

Air Products and Chemicals, Inc. (APCI) is in receipt of your March 13, 2009 Notice of Probable Violation and Proposed Compliance Order based upon PHMSA's Chapter 601 / 49 CFR IMP inspection. APCI is not contesting the probable violations stated in the Notice, but wishes to submit below information we believe warrant mitigation of the civil penalty.

APCI presents the following information based upon its internal review of the APCI Pipeline Integrity Management Program (IMP), the Notice and the inspection audit exit notes:

During February 2007, APCI completed Integrity Management Risk Assessments for each of the High Consequence Areas (HCA) identified at the time of the inspection. These evaluations were the result of subject matter expert reviews of pipeline data, risk assessments, assessment methodology reviews relative to individual HCA segment threats, and evaluation of appropriate preventative and mitigative measures based upon the results of this evaluation. Please find copies of these evaluations attached to this response

In addition to the efforts detailed above, APCI has made significant improvements in the last two years in transitioning to an enhanced pipeline data management GIS application, provided additional process description in the pipeline integrity management program, and is in the process of transitioning to an enhanced pipeline risk model provided by [Dynamic Risk Assessment Specialists, Inc. APCI has invested a significant amount of money and many hundreds of manhours to this effort and we will continue to evaluate and improve our processes and procedures as warranted. The results of these efforts are designed to implement PHMSA recommendations and reflect our industry benchmarking to improve our periodic integrity evaluations. One outcome of this effort will be the implementation of a new, state of the art, robust tool set to evaluate and assess the threats associated with our pipelines during future periodic annual assessments.

Although many of the evaluations and changes described above have already been completed, the transition to the new risk model and subsequent amendments to the IMP are expected to be complete and functional within 120 days of this response. APCI will need additional time to test the new risk assessment tool using actual pipeline data after the risk tool is initially installed. APCI proposes to have the fully functional risk assessment tool in operation and all regulated pipelines assessed within 165 days of this response. APCI proposes to submit a copy of the revised IMP to PHMSA within 120 days and APCI proposes to submit a completed risk analysis of all regulated pipelines within 165 days.

APCI is confident our continuous improvement efforts and delivery of the items described above will completely address Item #1 of the Proposed Compliance Order.

We look forward to closure on this subject and issuance of the Final Order after delivery of our committed changes to PHMSA. In light of this information, APCI requests that PHMSA consider mitigation by foregoing any civil penalty in this matter.

Please feel free to contact me with any additional information requests or comments.

Sincerely,

Air Products and Chemicals, Inc.

A handwritten signature in black ink, appearing to read "Kevin Kosh". The signature is fluid and cursive, with a long horizontal stroke at the end.

Kevin Kosh
Global Pipeline Operations Manager

A handwritten signature in black ink, appearing to read "David Williams". The signature is cursive and somewhat stylized, with a large initial "D".

David Williams
Pipeline Integrity Program Manager
NACE, CPS