



April 27, 2012

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

U.S. Department of Transportation  
Pipeline & Hazardous Materials Safety Administration  
Southwest Region Office of Pipeline Safety  
Mr. R.M. Seeley, Director  
8701 S. Gessner  
Suite 1110  
Houston, TX 77074

RE: CPF 4-2012-5010  
2010 Southwest Region Inspections

Dear Mr. Seeley;

Magellan Pipeline Company, L.P. ("Magellan") acknowledges receipt of the above referenced NOPV and is timely sending this response within 30 days from its receipt as provided by the provisions of 49 CFR §§ 190.209(a) and (b).

**Request for Hearing**

In accordance with 49 CFR §§ 190.209(a) and (b) and 49 CFR § 190.211(a), Magellan hereby requests a hearing with respect to the probable violations and associated penalties described in Item Numbers 1 through 6 and 8 through 11 in the NOPV, along with the associated remedial requirements set forth in the Proposed Compliance Order. Magellan intends to discuss the interpretations applied in the inspection upon which the NOPV is based, the requirements set forth in the Proposed Compliance Order, and the proposed civil penalty. Magellan requests that the hearing be conducted in person at PHMSA's offices in Houston, Texas, and respectfully requests that the hearing be held not less than 30 days after Magellan has received the case file (requested below) to allow adequate time to prepare its case.

**Statement of Issues**

**Item #1.** Magellan will address all issues raised in Probable Violation No 1, including but not necessarily limited to, the allegation that the Operator failed to isolate each buried pipeline from other metallic structures as required by 195.575 and confirmed in the written procedures required under 195.402 and that the Operator has not followed its procedures to clear the short or fill the casing annulus with dielectric material for each metallicity shorted casing. Magellan will also address the allegation that (i) it does not have a procedure specifically addressing the issue of electrolytically shorted casings, (ii) changes in status test designations, and (iii) case bonding to carrier pipe and connections to cathodic protections systems. Magellan's response may include but not necessarily be limited to presenting information that applicable regulatory and procedural requirements were being met. Magellan will also discuss the corresponding remedial requirement for Item Number 1 as set forth in the Proposed Compliance Order.

**Item #2** Magellan will address all issues raised in Probable Violation No 2, including but not necessarily limited to, the allegation that it did not meet the requirements of 195.410 by placing a sufficient number of markers along the buried pipeline so that its location is accurately known. Magellan will also address the allegation that it did not follow its “Pipeline Marking Procedure, 7.05-ADM-002, pages 1-5 of 5” dated January 1, 2010 regarding its criteria to “effectively delineate the pipeline corridor.” Magellan’s response may include but not necessarily be limited to presenting information that applicable regulatory and procedural requirements were being met. Magellan will also discuss the corresponding remedial requirement for Item Number 2 as set forth in the Proposed Compliance Order.

**Item #3.** Magellan will address all issues raised in Probable Violation No 3, including but not necessarily limited to, the allegations that (i) it failed to maintain its test lead wires in a condition that enabled Magellan to obtain electrical measurements to determine whether cathodic protection complies with 195.571 and (ii) that the Operator failed to follow its procedure for installing and maintaining test leads as required in its procedure titled “Corrosion Control Program”, 7.04-ADM-001. Magellan’s response may include but not necessarily be limited to presenting information that applicable regulatory and procedural requirements were being met.

**Item #4.** Magellan will address all issues raised in Probable Violation No 4, including but not necessarily limited to, the allegations that (i) it has allowed pipeline pressures to exceed the maximum operating pressure in violation of the requirements in 195.406, (ii) incorrect tagging of pressure relief devices, and (iii) the improper setting of relief device pressures. Magellan’s response may include but not necessarily be limited to presenting information that applicable regulatory and procedural requirements were being met. Magellan will also address the allegation regarding incorrect setting and tagging of pressure relief valves. Magellan will also discuss the corresponding remedial requirement for Item Number 3 as set forth in the Proposed Compliance Order.

**Item #5.** Magellan will address all issues raised in Probable Violation No 5, including but not necessarily limited to, the allegation that it failed to follow its Inspection of Right-of-Way Procedure, 7.05-ADM-006, which requires the Operator to identify activity along the right-of-way that could, if not corrected, pose a hazard or compromise the safety, integrity or operation of pipelines and right-of-way. Magellan’s response may include but not necessarily be limited to presenting information that applicable regulatory and procedural requirements were being met. Magellan will also discuss the corresponding remedial requirement for Item Number 4 as set forth in the Proposed Compliance Order.

**Item #6.** Magellan will address all issues raised in Probable Violation No 6, including but not necessarily limited to, the allegation that it did not install pipeline markers where the pipe is to remain exposed as specified by its procedures, Corrosion Control Program, 7.04-ADM-001, 2.11.4. Magellan respectfully requests immediate clarification of specific locations where it allegedly did not install pipeline markers where the pipe is to remain exposed as specified by its procedures.

**Item #8.** Magellan will address all issues raised in Probable Violation No 8, including but not necessarily limited to, the allegations that (i) it did not meet one of the applicable cathodic protection criteria required by 195.573 for some breakout tanks, (ii) for the breakout tanks not meeting the cathodic protection requirements, the operator has not demonstrated why compliance with API 651 is unnecessary as required by 195.573., (iii) it did not follow its Corrosion Control Program procedure, 7.04-ADM-001, Sections 2.3 and Section 2.4, (iv) some pipe-to-soil readings were not meeting the criterion chosen by the Operator, and (v) findings of inadequate reading. Magellan’s response may include but not necessarily be limited to presenting information that applicable regulatory and procedural requirements were being met.

**Item #9.** Magellan will address all issues raised in Probable Violation No 9, including but not necessarily limited to, the allegations that (i) it failed to provide protection against corrosion as required by 195.581, and (ii) it did not follow its Corrosion Control Program procedure, 7.04-ADM-001, Section 3.0. Magellan's response may include but not necessarily be limited to presenting information that applicable regulatory and procedural requirements were being met.

**Item #10.** Magellan will address all issues raised in Probable Violation No 10, including but not necessarily limited to, the allegations that it did not maintain adequate firefighting equipment at each pump station and breakout tank area and that liaison documentation was inadequate. Magellan's response may include but not necessarily be limited to presenting information that applicable regulatory and procedural requirements were being met.

**Item #11** Magellan will address all issues raised in Probable Violation No 11, including but not necessarily limited to, allegations that it's breakout tank inspection program and methodology to establish in-service and out-of-service inspections does not meet the requirements for a risk-based inspection process defined by API 653, incorporated into Part 195 by reference. Magellan's response may include but not necessarily be limited to presenting information that applicable regulatory and procedural requirements were being met.

**Additional Issues:**

Magellan will also request and present information regarding the determination of both the proposed civil penalties and the Proposed Compliance Order, and will move for the reduction, if not the elimination, of the proposed civil penalties.

Pursuant to 49 CFR 190.211(e), Magellan requests that the entire case file in regards to the NOPV be made available to Magellan at PHMSA's earliest opportunity. This request specifically includes but is not limited to all inspection reports, inspection work sheets, inspection notes, inspection work books and guidelines and inspection conclusions, as well as related correspondence, memoranda, photographs, penalty determinations, penalty assessments considerations, and supporting documentation.

Pursuant to 49 CFR 190.211(a), please be advised that Magellan will be represented by legal counsel at the hearing.

Sincerely,

A handwritten signature in black ink, appearing to read 'Doug Chabino', with a long horizontal flourish extending to the right.

Doug Chabino,  
Director of Asset Integrity

cc: Michael Pearson, Vice President Technical Services, Magellan  
Paul E. Pratt, Associate General Counsel, Magellan