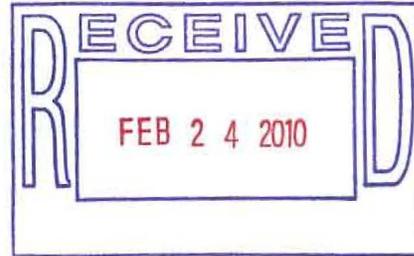




PAUL E. PRATT
Associate General Counsel
(918) 574-7031
(918) 574-7039 (fax)
Paul.Pratt@Magellanlp.com



February 23, 2010

Via Federal Express and E-Mail

Mr. R.M. Sceley, Director
Southwest Region, Pipeline Hazardous
Materials and Safety Administration
8701 South Gessner, Suite 1110
Houston, TX 77074

Re: Probable Violation, Proposed Civil Penalty and Proposed Compliance Order, CPF 4-2010-5003

Dear Mr. Seeley,

This letter serves as Magellan's timely response to the above referenced Notice of Probable Violation, Proposed Civil Penalty and Proposed Compliance Order (CPF 4-2010-5003) ("NOPV"). In reference to this NOPV, please be advised that the owner and operator of the Longhorn system is Magellan Pipeline Company, L.P. ("Magellan").

The NOPV cites two probable violations. Specifically, Magellan contests Probable Violation 1 and the applicable remedial requirements with respect to Probable Violation No 1 as set forth in the Proposed Compliance Order. Based on the following explanation and information, Magellan requests that Probable Violation No. 1 and the applicable remedial requirements under the Proposed Compliance Order be rescinded in its entirety.

Probable Violation No. 1. §195.402 Procedural manual for operations, maintenance, and emergencies.

- (a) **General.** Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies.

Magellan's Response. Underlying the basis of the PHMSA's Probable Violation Number 1 is its position that a request of an extension of time for the completion of the UT inspection specified in the Longhorn Mitigation Plan is a "modification" to the LMP. This is simply flawed logic and as such it sets a terrible precedent and should not be permitted to stand. A request for an extension of time under a system integrity plan ("SIP") is not a modification to the SIP. It is what it plainly states, a request for an extension of time, which PHMSA may or may not in its sole discretion grant. A request for a modification to an SIP is a permanent change to the SIP that becomes incorporated into the SIP as a new, lasting, and legally binding standard that is enforceable by the regulator. Suggesting that a request for an extension of time is the same as a permanent change to the SIP stands on its head fundamental concepts of due process and regulator discretion under long established and accepted administrative law principles. Based on this flawed position, Probable Violation Number 1 should be rescinded. However, in the alternative, Magellan offers the following additional responses.

Under Probable Violation No. 1, PHMSA reaches several conclusions that are not supported by the facts and in the alternative even if they were accurate conclusions, they do not rise to the level of a violation under 49 CFR Part 195. Each of PHMSA's conclusions is discussed in the order presented in the NOPV.

1. PHMSA states that "Magellan has failed to follow the procedure in LMC 39 for requesting changes to the LMP by failing to post the proposed changes on its corporate Internet site, and failing to make notification to the entities required by LMC 39."

PHMSA's allegation that Magellan failed to make the appropriate notifications under LMC 39 is flawed. Assuming only for the purposes of this specific response that an extension in time is a change to the Longhorn SIP, Magellan specifically notified PHMSA by letter dated December 17, 2009 that Magellan requested an extension of time. Furthermore, on January 26, 2010 Magellan, in response to a telephone conversation with PHMSA, notified the General Manager of the Lower Colorado River Authority and the Mayors of Houston, Austin, and El Paso and posted the "proposed change" on its corporate internet site. The request for the extension of time was in fact submitted prior to the deadline (January 27, 2010) to complete inspection with an ultrasonic wall measurement tool.

2. As additional support of Probable Violation No 1, PHMSA states that "Magellan has also removed the LMP and the System Integrity Plan information that is to be made available to the public from the Longhorn Corporate Internet site the [sic] instead referring the public to the EPA website."

The Longhorn SIP was available to the public under Magellan's corporate internet site as expressly acknowledged by PHMSA in its statement that it was "cumbersome"¹ to access the LMP and LPSIP documents. Whether or not it was cumbersome to access the documents may be debatable; however it certainly does not rise to the level of a violation. The fact is that Magellan did provide public access to the LMP and LPSIP documents as required by Section 3.2 of the LPSIP which states in part:

Longhorn Pipeline commits to proactively share its self audit results and System Integrity Plan information with the Office of Pipeline Safety (OPS), and the information will be available to the public.

These documents have been and continue to be available to PHMSA and the public upon request and through the EPA website. Immediately following receipt of PHMSA's concern about the ease of access to the LMP information, Magellan made the following changes to its website in order to provide improved public accessibility to Longhorn Pipeline related information:

- Added a link under Asset Portfolio on Magellan's Home Page called "Longhorn Pipeline Assets".
 - Changed the SIP link on the Longhorn Page to reference the "Magellan System Integrity Plan".
 - Added the following message to Longhorn Pipeline.Com (website maintained by prior Longhorn owners) that indicates that Longhorn Pipeline has been acquired by Magellan ("Magellan Midstream Partners, L.P. acquired Longhorn Pipeline in July of 2009. For information regarding the pipeline please visit the Longhorn Info page on Magellan's internet site."). Additionally, the former Longhorn website automatically provides reroute to Magellan's website, which has been enhanced to further highlight the Longhorn assets.
 - Added links to the LPSIP and the LMP on the Longhorn Page.
3. In the last paragraph of Probable Violation Number 1, PHMSA states that "Magellan appears to have reduced the availability of the reports and information that is available to the public through modifications to the Longhorn Corporate Internet site and removal of information previously available to the public on that site."

¹ PHMSA alleges that Magellan made "it cumbersome and difficult for the public to obtain information regarding the Longhorn Mitigation Plan and Longhorn Mitigation Comments by burying them under the safety/environment tab."



Page 4
CPF 4-2010-5003

This statement is made without any presentation of supporting evidence and is factually incorrect. The reports required to be made available to the public by the LMP have been on the internet site since the time that Magellan acquired the Longhorn assets and are currently posted to the internet website. These reports include the Self Audit, ORA and Status of Mitigation Commitments.

In summary, for the reasons discussed above, Magellan respectfully requests that the Region rescind Probable Violation Number 1 and the applicable remedial requirements under the Proposed Compliance Order. Magellan welcomes and invites PHMSA's suggestions and recommendations related to its recent acquisition of the Longhorn Pipeline assets and LMP compliance. Under separate letter, Magellan will provide updates on the ultrasonic smart pig schedules.

Should you have any questions regarding this response, please contact me by phone at (918) 574-7031 or e-mail at paul.pratt@magellanlp.com. Thank you for your consideration.

Respectfully submitted,

A handwritten signature in black ink that reads "Paul E. Pratt". The signature is written in a cursive, slightly stylized font.

Paul E. Pratt
Associate General Counsel

cc: John Jacobi, PHMSA, Southern Region
Larry Davied, Magellan, Vice President, Technical Services
Deandra Chancellor, Regulatory Compliance Coordinator
Clyde Clausen, Manager, Pipeline Integrity