



June 8, 2009

Pipeline and Hazardous Materials Safety Administration  
Office of Pipeline Safety  
233 Peachtree Street, Suite 600  
Atlanta, GA 30303

Attn.: Ms. Linda Daugherty  
Director, Southern Region

Re: CPF No. 2-2007-5100H  
Dixie Pipeline Company (Dixie)  
Release of propane from 12" Dixie line near Carmichael, Mississippi  
on November 1, 2007

Dear Ms. Daugherty,

In response to the letter and Corrective Action Order (CAO) dated November 2, 2007, Dixie is hereby providing the monthly report required in items 10 and 11 of the CAO. The previous monthly reports were submitted on November 30, 2007, December 31, 2007, February 1, 2008, February 29, 2008, April 1, 2008, May 2, 2008, June 3, 2008, July 7, 2008, August 6, 2008, September 5, 2008, October 10, 2008, November 10, 2008, December 19, 2008, January 29, 2009, February 27, 2009, March 31, 2009 and April 22, 2009.

PHMSA Item 10

Submit monthly reports to the Director that: (1) include available data and results of the testing and evaluations required by this Order; and (2) describe the progress of the repairs or other remedial actions being undertaken.

Dixie Response

Dixie has taken the following steps regarding the testing and evaluation of the failed segment:

1. The failed segment was cutout and replaced. Of the 351' of pipe that was cutout, 65'-10" was sent to NTSB and has gone through metallurgical analysis. The Draft Materials Laboratory Factual Report was transmitted

by NTSB on April 21, 2008. Dixie's comments were returned to NTSB on May 16, 2008. NTSB has requested Dixie to forward a copy of the report on to John Kiefner and have him review and develop a report indicating his conclusions in regards to the potential cause of the release. Dr. John Kiefner's report was issued to NTSB on June 2, 2008.

The status of the repair of the failed segment and other remedial actions taken are as follows:

- The return-to-service plan noted in Item 2 of the CAO was submitted to PHMSA and approved by the Director, Southern Region, on November 10, 2007.
- A 4-hour pressure test, 4-hour leak test, and, per PHMSA's request, a 30 minute spike test was performed in two hydrostatic tests on the pipeline from the Carmichael Pump Station to MP 437.43.
- The 12" portion of the Dixie system, from the Mississippi River near Erwinville, Louisiana to Opelika, Alabama is currently operating at a reduced operating pressure of 1,124 psig. On February 14, 2008, Dixie submitted a request to increase the control set point at Maringouin Pump Station. This request was approved by PHMSA on March 26, 2008. In a letter to PHMSA dated November 13, 2008 Dixie submitted a request to temporarily increase the control set point for the 12" Dixie pipeline for at least the winter months of December 2008 through March 2009 based on the testing to date and to mitigate the forecast risk of adverse impact to propane availability and prices in the Southeastern U.S. Dixie has provided additional data on February 19, 2009, as requested by PHMSA. On March 5, 2009, PHMSA approved the pressure increase as identified in Dixie's January 30 as "New Proposed Discharge Pressure Set Points" for the designated pump stations.
- The initial field investigations resulting from the close interval survey (CIS) data have been completed while follow up interference testing is ongoing. Based upon the initial field investigation results, new and replacement groundbed installations for the 12" Dixie Pipeline was completed on October 22, 2008. All initial areas marked for excavation and inspection from the east side of the Mississippi River to Demopolis have been completed. During the follow up CIS surveys that have begun in these areas, two additional locations were identified for excavation and inspection and have also been completed. Further investigation has indicated the need for four additional cathodic protection system installations between the Mississippi River and Demopolis. The successful bidding contractor for the installation of the new cathodic protection systems has been identified and is scheduled to start the installations on June 1, 2009.
- The remaining excavation locations between Demopolis and Opelika have been completed. Further investigation has indicated the need for two additional cathodic protection system installations between Demopolis and Opelika. The

successful bidding contractor for the installation of the new cathodic protection systems has been identified and is scheduled to start the installations on June 1, 2009.

- The installation of the cathodic protection systems and the follow up close interval survey is anticipated to be completed prior to the end of the third quarter, 2009. As part of Dixie's normal maintenance program, periodic surveys, repairs, inspections and improvements of the existing cathodic protection system for the Dixie 12inch pipeline will continue. The close-interval survey to evaluate the Dixie 12inch line for areas of damaged or disbanded coating has been completed.
- The status of the Deformation and AFD/TFI type ILI tool runs on the assessment segments on the 12" portion of the Dixie system (from the west side of the Mississippi River (near Erwinville, Louisiana) to Opelika, Alabama) is as follows:
  1. Mississippi River to Hattiesburg – Deformation tool run successfully completed on January 22, 2008. The AFD ILI tool run was successfully completed on September 24, 2008. The final report from Rosen has been received and validated.
    - Dixie has analyzed all the reported features to identify any features that may require field investigation. Seven investigative digs have been completed resulting in two repairs. One additional metal loss inspection was conducted for ILI calibration purposes and the pipe was repaired. The rehab work for this AFD ILI has been completed.
    - The final revision of MACAW's FFS report is attached,
  2. Hattiesburg to Demopolis - Deformation tool run successfully completed on January 27, 2008. The AFD ILI tool successfully completed on April 16, 2008. The list of features requiring investigation has been finalized and the field investigation work was completed on July 2, 2008.
    - Twenty-nine joints of pipe were cut out and sent to Houston for further examination due to indications in the long seam identified from the 2008 AFD ILI run. The Phased Array Ultrasonic Testing was completed on August 29, 2008. A total of 12 burst tests were performed on the cutout sections by Sprint Pipeline and witnessed by Stork Metallurgical Consultants (Stork MC).
    - Nine pup joints, including the four girth welds that did not pass API 1104 criteria, were fatigue tested by Stress Engineering Services (SES). No failures resulted from the fatigue testing so the pup joints were burst tested. All of these failures were sent to Stork MC for metallurgical analysis. The final report for the testing of the pup joints at SES was submitted to PHMSA. Metallurgical analysis of the burst test failures (21) is completed and Stork's draft report is being reviewed and finalized.

- One field investigative dig for metal loss that was selected for ILI tool calibration purposes was inspected and the pipe repaired. The rehab work for this AFD ILI has been completed.
  - The final Fitness for Service Report for HA-DM from MACAW was submitted to PHMSA.
3. Demopolis to Opelika - Deformation tool run successfully completed on February 1, 2008. After reviewing all of the data from the multiple AFD ILI runs with the vendor, Dixie has requested that Rosen complete the data analysis of the tool run on February 24, 2008 that had 98.48% sensor coverage and was acceptable by Rosen's acceptance criteria. The final report for the February 24, 2008 tool run has been received from Rosen and validated.
- Dixie has analyzed all the reported features to identify any features that may require field investigation. Five digs are planned with one completed (one dent).
  - Six investigative digs have been completed resulting in four repairs. The rehab work for this AFD ILI has been completed.
  - The final revision of MACAW's FFS report is attached.
- The status of the hydrotest on the Hattiesburg to Demopolis assessment segment on the 12" portion of the Dixie system is as follows:
  1. The hydrotest commenced on July 6, 2008 and was successfully completed (spike test and Subpart E hydrotest) on July 12, 2008. Test Section 1A had 3 rupture releases during the spike test. Test Section 1B and 2B had no releases. Test Section 2AA had one leak during the spike test. Test Section 2AB had one rupture release during the spike test. There were no releases during the Subpart E hydrotest. A copy of the Milbar's final hydrostatic test report was submitted to PHMSA.
  2. All five hydrostatic test failures were shipped to Stork Metallurgical Consultants for failure analysis. The protocol for the mechanical and metallurgical testing was proposed to PHMSA and approved prior to initiation of any testing. The Stork MC's final report of the metallurgical and mechanical testing for these five hydrostatic failures was submitted to PHMSA.
- Dixie submitted its proposed probable cause, findings, and safety recommendations to the NTSB on August 26, 2008. A copy was transmitted to PHMSA.

Ms. Linda Daugherty  
June 8, 2009  
Page 5

PHMSA Item 11

Maintain documentation of the costs associated with implementation of this Corrective Action Order. Include in each monthly report submitted pursuant to Item 10, the to-date total costs associated with: (1) preparation and revision of procedures, studies, and analyses; (2) physical changes to pipeline infrastructure, including repairs, replacements and other modifications; and (3) environmental remediation, if applicable.

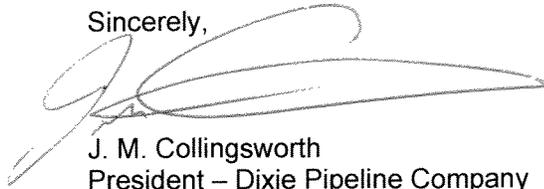
Dixie Response

The total booked costs associated with the release, as of May 29, 2009, was \$11,041,439.. This includes costs associated with the preparation and revision of procedures, studies, and analyses; physical changes to pipeline infrastructure, including repairs, replacements and other modifications; and environmental remediation. Additional costs associated with the implementation of this Corrective Action Order include the additional assessments of hydrotesting and inline inspections, pipe rehabilitation, cathodic protection surveys/installations, lab testing and metallurgical analysis.

Dixie has completed all of the requirements per the Corrective Action Order CPF No. 2-2007-5100H, dated November 2, 2007 and has submitted a letter to PHMSA to request the close out of this CAO on May 29, 2009.

If you have any comments or questions, please contact us at your convenience.

Sincerely,



J. M. Collingsworth  
President – Dixie Pipeline Company