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July 23, 2008

Via Overnight Mail – FedEx

U.S. Department of Transportation  
Pipeline and Hazardous Materials Safety Administration  
901 Locust Street  
Suite 462  
Kansas City, MO 64106-2641

Attention: Ivan A. Huntoon, Director, Central Region

Re: CPF No. 3-2008-5007 Notice of Probable Violation (“NOPV”), Proposed Civil Penalty,  
and Proposed Compliance Order

Dear Mr. Huntoon:

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 Oral Hearing**

In accordance with 49 CFR §§ 190.209(a)(3) and (b)(4) 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 10 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 investigations and inspections 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 Kansas City, Missouri 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 for the hearing.

**Statement of Issues – Probable Violations**

Item Number 1. Magellan will address the allegation that “Magellan failed to maintain pressure instrumentation within a reasonable time which contributed to the failure.” Magellan’s response may include but not necessarily be limited to presenting information with respect to applicable regulatory requirements and factual matters.

Item Number 2. Magellan will address the allegation that “Magellan failed to follow its written procedures manuals...for conducting normal operations pertaining to startup of a pipeline.” Magellan’s response may include but not necessarily be limited to presenting information with respect to applicable regulatory requirements and factual matters.

Item Number 3. Magellan will address the allegation that “Magellan failed to follow its written procedures manuals...for conducting normal operations and maintenance activities and handling abnormal operations and emergencies.” Magellan’s response may include but not necessarily be limited to presenting information with respect to applicable regulatory requirements and factual matters.

Item Number 4. Magellan will address the allegation that “Magellan failed to follow its written procedures manuals...for conducting normal operations and maintenance activities and handling abnormal operations and emergencies.” Magellan’s response may include but not necessarily be limited to presenting information with respect to applicable regulatory requirements and factual matters.

Item Number 5. Magellan will address the allegation that “Magellan failed to follow its written procedures manuals...addressing this abnormal operation.” Magellan’s response may include but not necessarily be limited to presenting information with respect to applicable regulatory requirements and factual matters.

Item Number 6. Magellan will address the allegation that “Magellan failed to follow its written procedures...for conducting normal operations and maintenance activities and handling abnormal operations and emergencies to minimize the amount of hazardous liquid at the failure site.” Magellan’s response may include but not necessarily be limited to presenting information with respect to applicable regulatory requirements and factual matters.

Item Number 7. Magellan will address the allegation that “Magellan did not have a written procedure established to perform analyses necessary to minimize the possibility of recurrence of an accident.” Magellan’s response may include but not necessarily be limited to presenting information with respect to applicable regulatory requirements and factual matters.

Item Number 8. Magellan will address the allegation that “Magellan did not follow its procedures...nor were the procedures adequate regarding, marking, removal and preparation of pipe segments involved in accidents to be sent for metallurgical analysis.” Magellan’s response may include but not necessarily be limited to presenting information with respect to applicable regulatory requirements and factual matters.

Item Number 9. Magellan will address the allegation that “Magellan did not follow its written procedure...regarding post accident review and “Magellan did not take sufficient corrective actions to address the findings in the post accident review. Magellan’s response may include but not necessarily be limited to presenting information with respect to applicable regulatory requirements and factual matters.

Item Number 10. Magellan will address the allegation that “Magellan did not comply with the alcohol testing requirement that covered employees be tested and that they be tested within the allotted 2 hour time frame or document why testing was not promptly administered.” Magellan’s response may include but not necessarily be limited to presenting information with respect to applicable regulatory requirements and factual matters.

**Statement of Issues – Proposed Compliance Order**

Magellan will discuss the corresponding remedial requirements (1 – 5) for Item Number 9 as set forth in the Proposed Compliance Order. Magellan's response may include but not necessarily be limited to presenting information with respect to applicable regulatory requirements and factual matters.

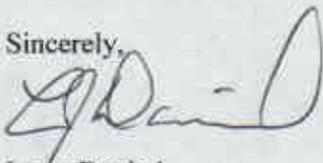
**Additional Issues:**

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, and the reduction of the scope, if not the elimination, of the Proposed Compliance Order.

Pursuant to 49 CFR § 190.211(e), Magellan requests that the entire case file in regards to the NOPV be provided 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, auditor notes, and inspection conclusions, as well as related correspondence, memoranda, photographs, penalty determinations, penalty assessment 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,



Larry Davied  
Vice President Technical Services

cc: Paul E. Pratt, Associate General Counsel