



April 26, 2007

Roderick M. Seeley
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration
8701 S. Gessner
Suite 1110
Houston, Texas 77074

Re: Request for Hearing and Statement of Issues
Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance
Order, CPF 4-2007-1003; Notice of Amendment, CPF 4-2007-1001M

Dear Mr. Seeley:

As provided under 49 C.F.R. §§ 190.209, 190.211, and 190.237, Gulf South Pipeline Company, LP ("Gulf South") submits a Request for Hearing and Statement of Issues with respect to the Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (CPF 4-2007-1003) ("NOPV") and the Notice of Amendment (CPF 4-2007-1001M) ("NOA") issued by the Pipeline and Hazardous Materials Safety Administration ("PHMSA") on March 27, 2007.

Under §§ 190.209 and 190.237, a pipeline must respond to a notice of a probable violation or a notice of amendment within 30 days of receipt. PHMSA's NOPV and NOA are dated March 27, 2007 and were sent to Gulf South via certified mail with return receipt requested. Gulf South's request for hearing and statement of issues, therefore, is submitted within 30 days of receipt.

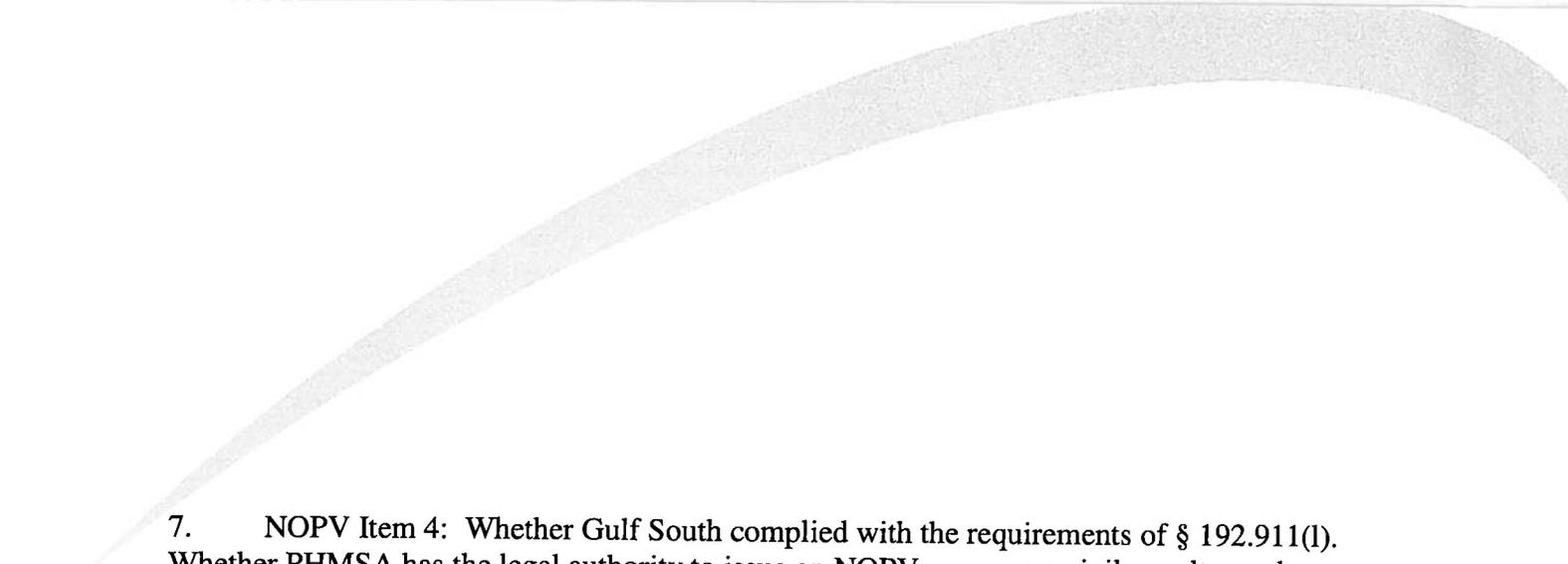
Request for Hearing

Pursuant to §§ 190.209(a) and (b) and 190.237, Gulf South requests a hearing of (1) the NOPV's alleged probable violations of PHMSA's pipeline safety regulations, proposed civil penalties, and proposed compliance order, and (2) the NOA's alleged inadequacies in Gulf South's procedures. Gulf South will be represented by counsel at the hearing and requests an in-person hearing. The issues Gulf South intends to raise are identified in the following Statement of Issues.

Statement of Issues

Gulf South intends to raise the following issues at a hearing:

1. Whether PHMSA has legal authority to issue a notice of probable violation, assess civil penalties, or issue a compliance order with respect to alleged deficiencies in Gulf South's integrity management program that were identified in an audit conducted before enactment of the Pipeline Inspection, Protection, Enforcement and Safety Act (PIPES Act) in December 2006. The PIPES Act authorized PHMSA to conduct enforcement proceedings with respect to risk analyses or integrity management programs found to be inadequate or non-compliant with regulatory requirements. At the time PHMSA conducted its audit, however, it had only the authority under the Pipeline Safety Act to require that an operator revise an inadequate or non-compliant risk analysis or integrity management program. Therefore, PHMSA does not have the authority to issue an NOPV, assess civil penalties, or issue a proposed compliance order with respect to NOPV Items 2-23, all of which assert alleged inadequacies in Gulf South's integrity management plan.
2. Whether PHMSA's issuance of an NOPV, instead of an NOA, is reasonable when PHMSA did not issue NOPVs to other pipelines for similar alleged violations.
3. Whether PHMSA's proposed civil penalties for Items 1.A, 1.B, 4, 10, 11, 13, 14, 17, 19, and 22 are excessive under the civil penalty assessment conditions set forth in § 190.225.
4. NOPV Items 1.A and 1.B: Whether Gulf South complied with the requirements of § 192.605(a) and (b), and § 192.713(a) and (b). Whether the proposed \$60,000 civil penalty and the remedial requirements set forth in the proposed compliance orders are justified.
5. NOPV Item 2: Whether Gulf South complied with the requirements of § 192.909(a). Whether PHMSA has the legal authority to issue an NOPV and proposed compliance order for this alleged deficiency in Gulf South's integrity management plan. Whether the remedial requirement of the proposed compliance order is warranted.
6. NOPV Item 3: Whether Gulf South complied with the requirements of § 192.911(k). Whether PHMSA has the legal authority to issue an NOPV and proposed compliance order for this alleged deficiency in Gulf South's integrity management plan. Whether the remedial requirement of the proposed compliance order is warranted.

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7. NOPV Item 4: Whether Gulf South complied with the requirements of § 192.911(l). Whether PHMSA has the legal authority to issue an NOPV, propose a civil penalty, and propose a compliance order for this alleged deficiency in Gulf South's integrity management plan. Whether the remedial requirement of the proposed compliance order is warranted. Whether the level of the proposed civil penalty of \$16,000 is justified under the assessment considerations of § 190.225.
 8. NOPV Item 5: Whether Gulf South complied with the requirements of § 192.911(l). Whether PHMSA has the legal authority to issue an NOPV and proposed compliance order for this alleged deficiency in Gulf South's integrity management plan. Whether the remedial requirements of the proposed compliance order are warranted.
 9. NOPV Item 6: Whether Gulf South complied with the requirements of § 192.911(m). Whether PHMSA has the legal authority to issue an NOPV and proposed compliance order for this alleged deficiency in Gulf South's integrity management plan. Whether the remedial requirement of the proposed compliance order is warranted.
 10. NOPV Item 7: Whether Gulf South complied with the requirements of § 192.915(b) and (c). Whether PHMSA has the legal authority to issue an NOPV and proposed compliance order for this alleged deficiency in Gulf South's integrity management plan. Whether the remedial requirement of the proposed compliance order is warranted.
 11. NOPV Item 8: Whether Gulf South complied with the requirements of § 192.917(a). Whether PHMSA has the legal authority to issue an NOPV and proposed compliance order for this alleged deficiency in Gulf South's integrity management plan. Whether the remedial requirements of the proposed compliance order are warranted.
 12. NOPV Item 9: Whether Gulf South complied with the requirements of § 192.917(b). Whether PHMSA has the legal authority to issue an NOPV and proposed compliance order for this alleged deficiency in Gulf South's integrity management plan. Whether the remedial requirements of the proposed compliance order are warranted.
 13. NOPV Item 10: Whether Gulf South complied with the requirements of § 192.917(b). Whether PHMSA has the legal authority to issue an NOPV, propose a civil penalty, and propose a compliance order for this alleged deficiency in Gulf South's integrity management plan. Whether the remedial requirement of the proposed compliance order is warranted.

Whether the level of the proposed civil penalty of \$16,000 is justified under the assessment considerations set forth in § 190.225.

14. NOPV Item 11: Whether Gulf South complied with the requirements of § 192.917(c). Whether PHMSA has the legal authority to issue an NOPV, propose a civil penalty, and propose a compliance order for this alleged deficiency in Gulf South's integrity management plan. Whether the remedial requirement of the proposed compliance order is warranted. Whether the level of the proposed civil penalty of \$16,000 is justified under the assessment considerations set forth in § 190.225.

15. NOPV Item 12: Whether Gulf South complied with the requirements of § 192.917(e). Whether PHMSA has the legal authority to issue an NOPV and proposed compliance order for this alleged deficiency in Gulf South's integrity management plan. Whether the remedial requirement of the proposed compliance order is warranted.

16. NOPV Item 13: Whether Gulf South complied with the requirements of § 192.919(b). Whether PHMSA has the legal authority to issue an NOPV, propose a civil penalty, and propose a compliance order for this alleged deficiency in Gulf South's integrity management plan. Whether the remedial requirement of the proposed compliance order is warranted. Whether the level of the proposed civil penalty of \$16,000 is justified under the assessment considerations set forth in § 190.225.

17. NOPV Item 14: Whether Gulf South complied with the requirements of § 192.921(a). Whether PHMSA has the legal authority to issue an NOPV, propose a civil penalty, and propose a compliance order for this alleged deficiency in Gulf South's integrity management plan. Whether the remedial requirement of the proposed compliance order is warranted. Whether the level of the proposed civil penalty of \$16,000 is justified under the assessment considerations set forth in § 190.225.

18. NOPV Item 15: Whether Gulf South complied with the requirements of § 192.921(f) and (g). Whether PHMSA has the legal authority to issue an NOPV and proposed compliance order for this alleged deficiency in Gulf South's integrity management plan. Whether the remedial requirement of the proposed compliance order is warranted.

19. NOPV Item 16: Whether Gulf South complied with the requirements of § 192.933(c). Whether PHMSA has the legal authority to issue an NOPV and proposed compliance order for

this alleged deficiency in Gulf South's integrity management plan. Whether the remedial requirement of the proposed compliance order is warranted.

20. NOPV Item 17: Whether Gulf South complied with the requirements of § 192.933(c). Whether PHMSA has the legal authority to issue an NOPV, propose a civil penalty, and propose a compliance order for this alleged deficiency in Gulf South's integrity management plan. Whether the remedial requirement of the proposed compliance order is warranted. Whether the level of the proposed civil penalty of \$16,000 is justified under the assessment considerations set forth in § 190.225.

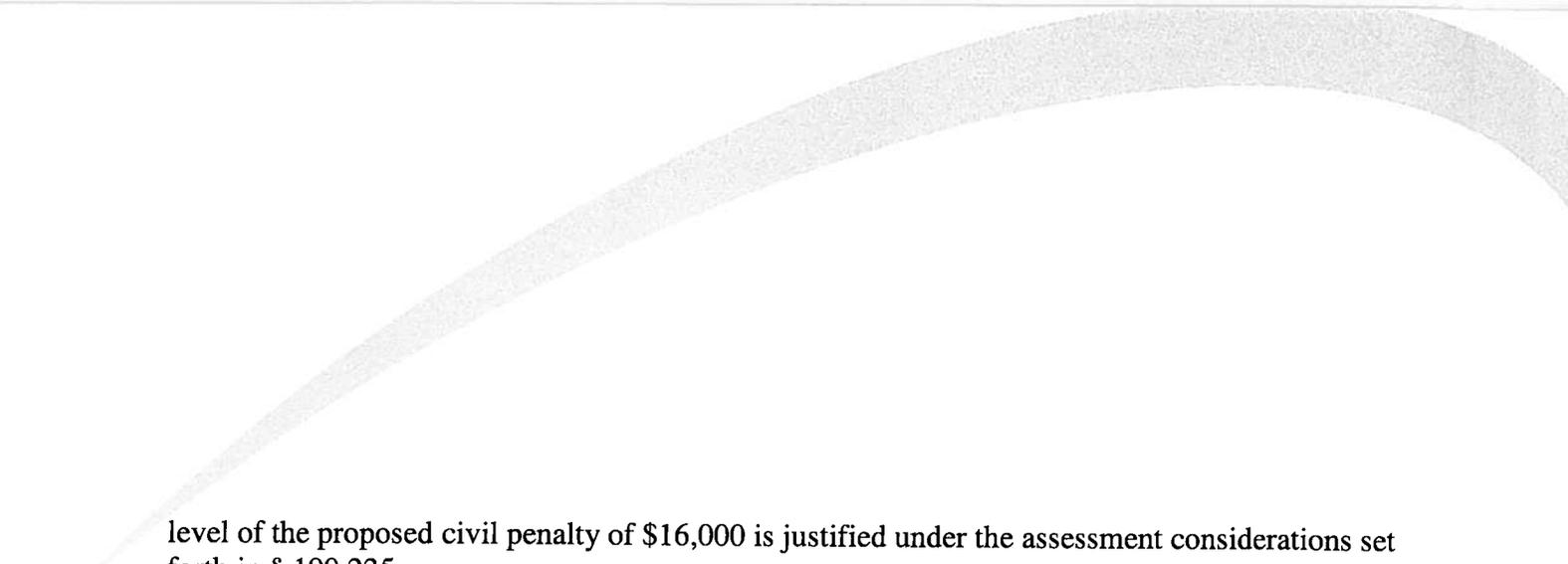
21. NOPV Item 18: Whether Gulf South complied with the requirements of § 192.935(a). Whether PHMSA has the legal authority to issue an NOPV and proposed compliance order for this alleged deficiency in Gulf South's integrity management plan. Whether the remedial requirement of the proposed compliance order is warranted.

22. NOPV Item 19: Whether Gulf South complied with the requirements of § 192.935(a). Whether PHMSA has the legal authority to issue an NOPV, propose a civil penalty, and propose a compliance order for this alleged deficiency in Gulf South's integrity management plan. Whether the remedial requirement of the proposed compliance order is warranted. Whether the level of the proposed civil penalty of \$11,000 is justified under the assessment considerations set forth in § 190.225.

23. NOPV Item 20: Whether Gulf South complied with the requirements of § 192.935(c). Whether PHMSA has the legal authority to issue an NOPV and proposed compliance order for this alleged deficiency in Gulf South's integrity management plan. Whether the remedial requirement of the proposed compliance order is warranted.

24. NOPV Item 21: Whether Gulf South complied with the requirements of § 192.937(b). Whether PHMSA has the legal authority to issue an NOPV and proposed compliance order for this alleged deficiency in Gulf South's integrity management plan. Whether the remedial requirement of the proposed compliance order is warranted.

25. NOPV Item 22: Whether Gulf South complied with the requirements of § 192.937(b). Whether PHMSA has the legal authority to issue an NOPV, propose a civil penalty, and propose a compliance order for this alleged deficiency in Gulf South's integrity management plan. Whether the remedial requirement of the proposed compliance order is warranted. Whether the

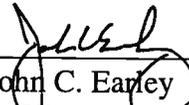


level of the proposed civil penalty of \$16,000 is justified under the assessment considerations set forth in § 190.225.

26. NOPV Item 23: Whether Gulf South complied with the requirements of § 192.937(b). Whether PHMSA has the legal authority to issue an NOPV and proposed compliance order for this alleged deficiency in Gulf South's integrity management plan. Whether the remedial requirement of the proposed compliance order is warranted.
27. Proposed Compliance Order Item 24: Whether the requirement that Gulf South address the issues detailed in the proposed compliance order within 90 days is warranted and adequate.
28. Proposed Compliance Order Item 25: Whether the requirement that Gulf South maintain documentation of the safety improvement costs associated with fulfilling the compliance order and submit the reports to PHMSA is warranted.
29. NOA Item 1: Whether Gulf South's procedures under § 192.7 are adequate. Whether the proposed requirement that Gulf South modify its procedures under this section is warranted.
30. NOA Item 2: Whether Gulf South's procedures under § 192.903 are adequate. Whether the proposed requirement that Gulf South modify its procedures under this section is warranted.
31. NOA Item 3: Whether Gulf South's procedures under §§ 192.911(a) and 192.905 are adequate. Whether the proposed requirement that Gulf South modify its procedures under this section is warranted.
32. NOA Item 4. Whether Gulf South's procedures under §§ 192.911(e) and 192.933 are adequate. Whether the proposed requirement that Gulf South modify its procedures under this section is warranted.

Gulf South looks forward to addressing each of PHMSA's concerns at the hearing.

Respectfully submitted,



Mr. John C. Earley
Senior Vice President
Gulf South Pipeline
20 E. Greenway Plaza
Suite 900
Houston, TX 77046