



January 22, 2008

Via Overnight Mail – FedEx

U.S. Department of Transportation  
Pipeline and Hazardous Materials Safety Administration  
8701 South Gessner  
Suite 1110  
Houston, Texas 77074



Attention: R. M. Seeley, Director, Southwest Region

Re: CPF No. 4-2007-5050 Notice of Probable Violation (“NOPV”), Proposed Civil Penalty,  
and Proposed Compliance Order

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 7 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 Number 1. Magellan will address the allegation that “evidence indicates that the marker spacing does not appear to meet the regulatory or procedural requirements.” 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 Number 2. Magellan will address the allegation that the operator “exceeded the valve inspection interval for two mainline valves.” 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 “the operator has not demonstrated adequate protection from unauthorized operation and vandalism for all valve installations.” 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 the “operator has not demonstrated that cracks in the ringwall foundation of the breakout tanks located at the El Paso Terminal have been addressed according to the provision of API 653, section 4.5.1.2e and 4.5.2.2.” Magellan’s response may include but not necessarily be limited to presenting information with respect to applicable regulatory requirements and factual matters. Magellan will also discuss the corresponding remedial requirement for Item Number 4 as set forth in the Proposed Compliance Order.

Item Number 5. Magellan will address the allegation that the “operator’s pipe-to-soil readings for the bottom of some of the breakout tanks located at the El Paso Terminal did not meet the -850 mV criterion as specified in API 651.” Magellan’s response may include but not necessarily be limited to presenting information with respect to applicable regulatory requirements and factual matters. Magellan will also discuss the corresponding remedial requirement for Item Number 5 as set forth in the Proposed Compliance Order.

Item Number 6. Magellan will address the allegation that the “operator has not demonstrated that the operational and procedural requirements contained in the Longhorn Mitigation Plan (LMP) are being met.” Magellan’s response may include but not necessarily be limited to presenting information with respect to applicable regulatory requirements and factual matters, including but not limited to the following subjects:

- a. Leak response time
- b. Leak detection sensitivity
- c. Video camera capabilities
- d. ROW condition and encroachments

Magellan will also discuss the corresponding remedial requirement for Item Number 6 as set forth in the Proposed Compliance Order.

Item Number 7. Magellan will address the allegation that the “operator has not demonstrated that adequate security has been provided for at the El Paso Terminal Facility.” Magellan’s response may include but not necessarily be limited to presenting information with respect to applicable regulatory requirements and factual matters.

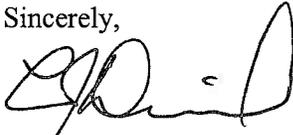
**Additional Issues:**

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.

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 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,

A handwritten signature in black ink, appearing to read 'Larry Davied', written over a horizontal line.

Larry Davied  
Vice President Technical Services

cc: Paul E. Pratt, Associate General Counsel  
O.B. Harris  
Vince Murchison