Dear Mr. Seely:

This letter is in response to PHSMA’s Notice of Probable Violation and Proposed Civil Penalty CPF No. 4-2011-5001 (the “NOPV”) dated January 6, 2011 and received by Colonial Pipeline Company (“Colonial”) on January 25, 2011 relating to an investigation of a petroleum product spill accident that occurred in Colonial’s Houston station, Pasadena, TX on August 1, 2009. The NOPV provides that Colonial has 30 days from receipt of the Notice to submit written explanations, information, or other materials in response to the allegations and/or seek elimination or mitigation of the proposed civil penalty, and/or to request a hearing. Accordingly, this written response is timely.

As further explained below, Colonial does not dispute the alleged violation nor request a hearing, however, for the reasons set forth herein, respectfully requests PHSMA to mitigate and reduce the proposed civil penalty.

1. PHSMA’s NOPV Allegations

Set out below is the item inspected and the probable violation alleged in CPF No. 4-2011-5001:

1. §195.54 Accident reports.
   (b) Whenever an operator receives any changes in the information reported or additions to the original report on DOT Form 7000-1, it shall file a supplemental report within 30 days.

Colonial did not file a supplemental report within 30 days as new information about the accident was obtained from the completion of the accident investigation.

The operator filed a DOT Form 7000-1 original accident report (Report No. 20090231), on August 14, 2009 for the accident that occurred in Pasadena, TX on August 1, 2009. Under Part H - Apparent Cause, the operator identified “Unknown-still under investigation.” The operator completed its investigation on October 23, 2009, and determined the cause of the accident was material defect due to a defective valve. When asked by PHMSA, Colonial updated and finalized the report on or about May 26, 2010 which was 6 months after new information regarding the accident information was obtained.
2. Colonial’s Written Response

Colonial acknowledges that the updated and finalized Form 7000-1 report that was filed on May 24, 2010 was filed in excess of 30 days following the completion of its investigation as to the cause of the accident that occurred in Houston station, Pasadena, TX. However, Colonial provides the following information in belief that it warrants that the preliminarily assessed civil penalty of $18,700 be mitigated and reduced accordingly.

a. The NOPV erroneously provides that “(t)he operator completed its investigation on October 23, 2009”. In fact, although Colonial created its first draft of the Incident Analysis Report on October 23, 2009, the Report was not approved until January 22, 2010. Until the IA Report was approved by J.D. Lee on 1/22/10, the investigation report was preliminary in nature and not finalized. See the attached “Report History for Report #IA-2009-91”. Colonial should not be penalized for conducting a lengthy and thorough investigation into this matter. §195.54 Accident Reports, Section (b) does not limit the amount of time that an Operator is allowed to investigate an accident and determine the technical and root causes which may prevent other, similar accident risks on the pipeline system. Accordingly, assuming that the proposed civil penalty is based on a per day amount, the number of days in violation should be reduced by approximately 91 days (i.e. the number of days between October 23, 2009 and January 22, 2010).

b. The NOPV provides “Colonial updated and finalized the report on or about May 26, 2010 . . .”. In fact, Colonial updated the report via PHSMA’s online reporting system on May 24, 2010. See the attached “Report History for 20090231”. Accordingly, assuming that the proposed civil penalty is based on a per day amount, the number of days in violation should be reduced by an additional 2 days (i.e. the number of days between May 24, 2010 and May 26, 2010).

c. Although admittedly Colonial’s reporting process for this accident was delayed due to an internal communication break-down in January 2010, Colonial believes it generally has a satisfactory process. In this case, when originally contacted by PHSMA relating to the status of the investigation in November and December of 2010, the investigation of cause, remediation activities and final costs were still in progress. Colonial attempted to verbally communicate to PHMSA that the information contained in the original accident report was still unchanged. The narrative section of the original 7000-1 report clearly stated that a leak occurred from a valve. Unfortunately, when the Incident Analysis Report was approved on January 22, 2010, a supplemental or final report was not triggered in the normal fashion by e-mails within 30 days. We are improving our process now to ensure that something like this doesn’t happen in the future.

d. Colonial is currently in development of a new on-line accident reporting system which would provide alerts to individuals with reporting updates responsibilities. The system will be designed to prevent future reporting delays. Colonial anticipates that this new system will be implemented by year-end.

3. Conclusion

In conclusion, Colonial regrets the late filing of the finalized Form 7000-1 report relating to the product spill that occurred in Colonial’s Houston station on August 1, 2009. However, for the reasons set forth above, Colonial believes PHMSA should reduce the number of days considered late by approximately 93 days. To the extent the proposed civil penalty is based on a per day amount, Colonial respectfully requests that the proposed civil penalty be reduced accordingly.
If you should have any questions concerning any of the information contained herein, please feel free to contact me.

Respectfully,

Doug Belden
Vice President and General Manager - Operations

Attachments

cc:  T. C. Felt
     J. D. Lee
     G. L. Glaze
     M. M. Lackey
     C. P. Sims
     A. M. Taylor
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10/23/2009 09:13
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01/22/2010 15:18
Status (Under Review) to (Approved),

01/25/2010 08:11
Status (Approved) to (Complete),

Report History for Report #IA-2009-91


1/31/2011
History of Hazardous Liquid Pipeline Systems Accident Reports

REPORT ID: 20090231

There are 2 records related to the report.
Operator ID: 2552
Operator Name: COLONIAL PIPELINE CO

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Report History for 20090231