MAGELLAN
MIDSTREAM PARTNERS, L.P.

June 25, 2012

Via Certified Mail Return Receipt Requested
Attention: Byron Coy, Director Eastern Region
U.S. Department of Transportation
Pipeline & Hazardous Materials Safety Administration
820 Bear Tavern Road, Suite 103
West Trenton, NJ 08628

Re: CPF No. 1-2012-6001W – 2010 New Haven, CT Inspection

Dear Mr. Coy:

Magellan submits the following in response to the Warning Letter issued on April 6, 2012.

Item 1: Although, the Warning Letter states that "Magellan failed to maintain records of inspections required by 195.432(b) for at least two years", it is clear based on my telephone conversation with PHMSA representatives, Mr. Christian Sellu and Mrs. Barbara Dahlinger, on Friday April 20, 2012, that the intent of the Warning Letter was to communicate that Magellan did not maintain correct records of inspections. Magellan requests that the Warning Letter be modified to reflect the intent. Magellan's Monthly Tank Inspection records noted the general condition of the paint coating on Breakout Tank #3H was inadequate from the period 2008 to 2010. In fact, per Magellan procedure 7.04-ADM-002, the paint coating should have been noted as adequate rather than inadequate.

Item 2: The letter states that "records showed inconsistencies in regards to the grade and the condition of the interface areas" and that "due to the inconsistencies in the records, Magellan did not comply with 195.589 (c)." The following table of information was shown:

Grade -	Condition of interface area	Location	Date
1-G 50% rusted	Adequate	Tank 11H piping in Area 10.001	9/26/2005
1-G 50% rusted	Inadequate	Station 55+84 Humphrey St. Bridge	11/11/2008
1-G 50% rusted	Adequate	Station 77+87 Blatchley St. Bridge to Shoreline Wall	11/11/2008
4-9G<16% rusted	Inadequate	Station 15+06 Chapel St Bridge	9/26/2005
4-9G<16% rusted	Adequate	Humphrey St Bridge	9/26/2005

As communicated via telecom to Mr. Christian Sellu and Mrs. Barbara Dahlinger on Friday April 20, 2012, the Grade column reflects the condition of the non-interface areas in the location noted, not the interface area condition. The interface area condition is provided in column titled "Condition of interface area." . Therefore, compliance with 195.589 (c) was in fact achieved. Magellan requests that this item be removed from the Warning Letter. In regards to this item Magellan will make clarifications to the Atmospheric Corrosion Inspection Procedure, SIP-7.04-ADM-002. See attached highlighted revisions.

If you have any questions, please contact me at your convenience via phone at (918) 574-7326 or cell (918) 645-3342 or via e-mail at doug.chabino@magellanlp.com.

Sincerely,

Doug Chabino
Director, Asset Integrity

Cc: Michael Pearson, Vice President Technical Services

Attachment: Atmospheric Corrosion Inspection, 7.04-ADM-002, Asset Integrity, Revision 5.

1.0 PURPOSE

1.1 The purpose of this procedure is to establish a standardized method for monitoring, inspecting, and reporting atmospheric corrosion conditions on aboveground facilities.

2.0 PROCEDURE

2.1 Identifying Areas For Inspection

2.1.1 Identify all above grade and above water line structures/facilities or parts of structures/facilities as subject for atmospheric corrosion inspection.

2.1.2 Select an appropriate number of representative locations in each facility to adequately evaluate the facility for atmospheric corrosion. Particular attention should be given to pipe and soil to air interface areas, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.

2.1.3 Maintain a listing of all subject areas, including GPS coordinates, and updated as needed in the Cathodic Protection Data Manager.

2.1.4 Some structures/facilities with corresponding inspection requirements are:

2.1.4.1 Pump/Compressor stations, measuring and regulating stations, storage vessels and tankage, and miscellaneous facilities (building, structure, piping and equipment):

2.1.4.1.1 Pipe ground transition/interface areas

2.1.4.1.2 Pipe above grade coatings

2.1.4.1.3 Pipe condition at building wall entry/exit

2.1.4.1.4 Structure and equipment coating condition

2.1.4.2 Underground pipe or related facilities exposed to the atmosphere due to intentional or unintentional reasons (i.e., erosion, subsidence, etc.)

2.1.4.3.1 Pipe ground level transition and above ground coating conditions

2.1.4.3 Pipe spans (supported and unsupported)

2.1.4.3.1 Pipe ground level transition and above ground coating conditions

2.1.4.3.2 Pipe support and traffic guard coating conditions

2.1.4.4 Suspension bridges (piping and structure):

2.1.4.4.1 Physical condition of structural steel towers, assemblies, clamps, pipe hanger system, bolts, cables, cable hardware, cable anchorages, and concrete foundations

2.1.4.4.2 Pipe ground level transition and above ground coating conditions

2.1.4.5 Pipeline valves, expansion loops, and associated piping:

2.1.4.5.1 Pipe ground level transition coating condition

2.1.4.5.2 Pipe above grade coating condition

2.1.4.5.3 Structure (pipe supports) coating condition

2.2 Preparing the surface for inspection and or remedial action

2.2.1 The surface to be inspected shall be visible and sufficiently clean, based on the judgment of the inspector, to allow for an accurate assessment of corrosion.

2.2.2 Valves and/or other equipment located inside valve cans should be inspected from the surface if possible. If entry into the valve can is required, the procedures for Confined Space entry shall be followed.

2.2.3 Surface rust and/or oxidation may be removed using a hand or power wire brush and water or abrasive blasting. Files, hammers, or any other equipment that may damage the pipe should not be used.

2.2.4 If pipe or pipe support movement is required:

2.2.4.1 Contact the Risk Engineer to determine the maximum movement allowable for the specific pipe and/or support.

2.2.4.2 Install a temporary support or lift the pipe using pipe protective devices such as pipe saddles or hoist with proper rigging techniques if applicable.

2.2.4.3 Remove the existing pipe support, if necessary.

2.2.4.4 Perform the visual inspection as indicated in 2.4 below.

2.2.4.5 Replace the pipe support, if necessary.

2.2.4.6 Lower the pipe or raise the support to the desired position.

2.2.4.7 Remove the temporary pipe support, if applicable.

2.2.4.8 Adjust the support height to ensure a level pipe or as directed by the Risk Engineer.

2.3 Performing visual inspection of above ground surfaces and interface areas

2.3.1 Above ground surfaces - Visually inspect all above ground surfaces, other than interface areas, and assign a visual "corrosion" condition code on the Atmospheric Corrosion Inspection data gathering form, in the data logger, or in the Cathodic Protection Data Manager in accordance with SPCC-VIS 2; Standard Method for Evaluating Degree of Rusting on Painted Steel Surfaces, General Rusting Standard.

> **NOTE**: Given the similarity between the General Rusting and Spot Rusting SPCC-VIS 2 Standards, the General Rusting Standard (1-G...9-G) is to be used for all assets.

> **NOTE**: If pitting corrosion, corrosion is in excesses of 12.5% of the pipewall or any dents, gouges, or SCC is observed, contact an Asset Integrity Supervisor, Risk Engineer, or Pipeline Integrity Engineer/Coordinator immediately.

2.3.2 For Rust Ratings of 2-G or less (deficient), utilize the comment section on the Atmospheric Corrosion Inspection data gathering form, in the data logger, or the Cathodic Protection Data Manager to quantify and describe the structure and/or coating damage. Transfer of hardcopy data to the CPDM System should take place as soon as practical following the inspection.

2.3.3 Interface Areas - Visually inspect soil-to-air interface areas and classify the "interface coating" as Adequate or Inadequate on the Atmospheric Corrosion Inspection data gathering form, in the data logger, or in the Cathodic Protection Data Manager. Transfer of hardcopy data to the CPDM System should take place as soon as practical following the inspection.

> **NOTE**: The interface coating is adequate if it adequately prevents corrosion at the site where the pipeline first comes in contact with the soil. If the interface coating is damaged, degraded, or disbonded it will not prevent corrosion and should be classified as inadequate.

2.4 Remedial actions

2.4.1 Areas of atmospheric concern requiring inspection and/or remedial action will be addressed in accordance with the External Corrosion Control Program and Atmospheric Corrosion Workflows.

2.4.2 For each deficiency identified in 2.3.2 and 2.3.3 above , create and maintain a maintenance record in CPDM that includes the following:

2.4.2.1 Found Date = Enter the date the deficiency was first identified

2.4.2.2 Initiated Date = Enter the start date for the physical work necessary to correct the deficiency. Initially this can be the date of the next scheduled inspection, but should be updated as soon as practical to depict the actual start date of the repair project. The initiated date cannot be prior to the current date, unless the physical work is in progress. The initiated date is not the date of the inspection, when bid documents were sent out/received, when the project plan was written, or any other date other than the date paint and painters are to show up at the work site.

2.4.2.3 Corrected Date = Enter the date the deficiency was corrected.

2.4.2.4 Atmospheric Facility Type = Use the drop down to categorize the asset with the deficiency.

2.4.2.5 Unit Description = Use the drop down to categorize the location with the deficiency.

2.4.2.6 Repair Remarks = Enter a description of the work necessary to address the deficiency.

2.4.2.7 Coating Cost – Enter the total cost including labor, materials, and inspection to address the deficiency. The initial cost estimate can be based on experience, but should updated with actual bids and/or contractor estimates as soon as practical.

2.5 Documentation

2.5.1 Areas of exposed pipe identified through routine corrosion work, aerial patrol, Depth-of-Cover survey, etc. shall be entered into the Cathodic Protection Data Management System to ensure follow-up inspection.

2.5.2 Documentation of atmospheric corrosion inspection data is handled in the Cathodic Protection Data Management System.

➢➢➢End of Procedure≺≺≺

System Integrity Plan Change Log

Date	Change Location	Changed By	Approved By	Brief Description of Change
10/03/02	2.2.1	Rick Wooldridge	Michael Pearson	Revised note before 2.2.2 to point to correct procedure.
5/13/03	2.1.1	Rick Wooldridge	Michael Pearson	Added NOTE: Select an appropriate number.....
5/13/03	2.3.2	Rick Wooldridge	Michael Pearson	Delete reference to the Manager of Equipment Technology
5/13/03	2.4.2	Rick Wooldridge	Michael Pearson	Delete entire section as it relates to the Manager of Equipment Technology
5/13/03	2.2.4	Rick Wooldridge	Michael Pearson	Added 2.2.4 Update the Cathodic Protection Data Management System (BASS)
10/29/03	1.0, 2.1.1	Rick Wooldridge	Michael Pearson	Deleted "and offshore" and "Note"
10/29/03	2.2	Rick Wooldridge	Michael Pearson	2.2. was completely rewritten to utilize SPCC-VIS 2 guidelines and processes.
10/29/03	2.3.1	Rick Wooldridge	Michael Pearson	Replaced "The Supervisor of Pipeline Integrity...." "with Areas of atmospheric concern requiring inspection .....".
10/29/03	2.0	Rick Wooldridge	Michael Pearson	Added "Note: performing an atmospheric corrosion inspection is a covered task and should only be performed by those qualified in accordance with the operator qualification ruling".
10/29/03	4.0	Rick Wooldridge	Michael Pearson	Deleted "Platform" and "Splash Zone"
08/11/04	2.2	Rick Wooldridge	Michael Pearson	Added Section 2.2 – "Preparing the surface for inspection and or remedial action" and its subsections.
08/11/04	2.2, 2.5	Rick Wooldridge	Michael Pearson	Added provisions for how to use In-Line Inspection data to conduct atmospheric corrosion inspections
8/11/04	ALL	Rick Wooldridge	Michael Pearson	Reviewed procedure for accuracy and effectiveness.
1/1/06	All	E7	Michael Pearson	Reviewed, no changes
5/12/06	2.3.2	Rick Wooldridge	Michael Pearson	Added: Valves and/or other equipment located inside valve cans should be inspected from the surface if possible. If entry into the valve can is required, the procedures for Confined Space entry shall be ollowed.
01/01/08	All	E7	Larry Davied	2007 review, no changes
09/08/08	2.2, 2.5	Rick Wooldridge	Larry Davied	Removed references to using ILI data to perform atmospheric inspections
09/08/08	2.2, 2.5	Rick Wooldridge	Larry Davied	Added: Particular attention should be given to pipe and soil to air interface areas, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.
11/19/08	ALL	E7	Rick Wooldridge	2008 review, no changes
11/17/09	ALL	E7	Rick Wooldridge	2009 review, minor clean-up changes
08/10/10	ALL	E7	Rick Wooldridge	2010 review; Deleted all references to BASS
12/31/11	ALL	E7	Rick Wooldridge	2012 Annual Review complete – no changes
3/1/2012	2.4.2	E7	Rick Wooldridge	Added additional requirements for documentation of remedial actions.
6/7/2012	2.3	Audit	Rick Wooldridge	Added language to clarify the difference between inspection and classification of coatings on above ground surfaces and interface areas. Added language to further define inadequate interface areas.