



Final Report

2012 Operational Reliability Assessment of the Longhorn Pipeline System

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Benjamin Wright and Dennis Johnston
March 28, 2014



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Final Report

on

**2012 OPERATIONAL RELIABILITY ASSESSMENT OF THE LONGHORN PIPELINE
SYSTEM**

to

MAGELLAN PIPELINE COMPANY

March 28, 2014

by

Susan Rose, Harvey Haines, Carolyn Kolovich, Benjamin Wright and Dennis Johnston

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TABLE OF CONTENTS

1. INTRODUCTION	1
Objective	1
Background.....	1
ORA Interaction with the LPSIP.....	2
Longhorn Pipeline System Description	3
Time Scope	5
2. EXECUTIVE SUMMARY	5
3. RECOMMENDATIONS	7
3.1. Technical Assessment of LPSIP Effectiveness.....	7
3.2. Recommended Intervention Measures and Timing	9
3.3. Implementation of New Mechanical Integrity Technologies	12
3.4. ORA Process Improvements	12
4. NEW DATA USED IN THIS ANALYSIS	12
5. RESULTS AND DISCUSSION OF DATA ANALYSIS.....	12
5.1. Pressure-Cycle-Induced Fatigue Cracking	13
5.2. Corrosion	17
Monitoring the Possibility of Corrosion-Related Leaks or Ruptures using ILI	17
5.3. Pipe Laminations and Hydrogen Blistering	17
5.4. Earth Movement (Fault and Stream Crossings)	18
Fault Crossings.....	18
Stream Crossings	21
5.5. Third-Party Damage	22
Data Reviewed.....	22
One-Call Violation Analysis	24
Intervention Recommendations	26
5.6. Stress-Corrosion Cracking	26
5.7. Facilities Other than Line Pipe	26
ORA Review of LPSIP Facility Integrity Program Results.....	27
Integrity Review and Recommendations.....	27
6. LPSIP TECHNICAL ASSESSMENT	28
Activity Measures.....	28

Deterioration Measures	29
Failure Measures	30
7. INTEGRATION OF INTERVENTION REQUIREMENTS AND RECOMMENDATIONS	32
Integration of Primary Line Pipe Inspection Requirements.....	32
Integration of DOT HCA and TRRC Inspection Requirements.....	36
Pipe Replacement Schedule	37
8. RECOMMENDED IMPROVEMENTS TO THE ORA PROCESS	38
REFERENCES	39
APPENDIX A: MITIGATION COMMITMENTS	40
APPENDIX B: NEW DATA USED IN THIS ANALYSIS.....	43
4.1. Pipeline/Facilities Data.....	44
Mainline (Items 3, 7, 8, 9, 10, 11, and 12)	44
Pump Stations (Item 15).....	44
Tier Classifications and HCAs (Items 1 and 2)	44
Charpy V-Notch Impact Energy Data (Item 14).....	44
Mill Inspection Defect Detection Threshold (Item 13)	44
4.2. Operating Pressure Data.....	44
4.3. ILI Inspection and Anomaly Investigation Reports	44
ILI Inspection Reports (Items 39, 40, 41, 44, 45 and 47)	44
Results of ILI for TPD between J-1 and Crane (Item 77).....	46
Results of Ultrasonic ILI for Laminations and Blisters between J-1 and Crane (Item 78).....	46
4.4. Hydrostatic Testing Reports	47
Hydrostatic Leaks and Ruptures (Item 75).....	47
4.5. Corrosion Management Surveys and Reports.....	48
Corrosion Control Survey Data (Item 24).....	48
TFI MFL ILI Investigations (L and d Results) (Item 35).....	48
External Corrosion Growth Rate Data (Item 36)	48
Internal Corrosion Coupon Results (Item 37)	48
Line Pipe Anomalies/Repairs (Item 43).....	49
All ILI Metal Loss and Deformation Related to Line Pipe Anomalies (Item 44).....	49
All ILI Pipe Wall Deformation, Out-of-Roundness, 3D Location Related to the Threat of Third-Party Damage (Item 45)	49
Number of Anomalies Measured by ILI, by Tier and by DOT Repair Conditions Based on the Annual Assessment of the LPSIP (Item 74)	49

4.6. Fault Movement Surveys and Natural Disaster Reports	49
Pipeline Maintenance Reports at Fault Crossings (Item 30)	49
Periodic Fault Benchmark Elevation Data (Item 31)	49
Pipeline Maintenance Reports for Stream Crossings (no item number)	50
Flood Monitoring (no item number).....	50
4.7. Maintenance and Inspection Reports	50
Depth-of-Cover Surveys (Items 19 and 27).....	50
Seam Anomaly/Repair Reports Related to Fatigue Cracking of EFW and ERW Welds, and Seam Anomalies (Items 33 and 34)	50
Mechanical Integrity Inspection Reports (Item 46)	50
Mechanical Integrity Evaluations (Item 47).....	50
Facility Inspection and Compliance Audits (Item 48).....	51
Maintenance Progress Reports (Item 73).....	51
4.8. Project Work Progress and Quality-Control Reports	52
Access to Action Item Tracking and Resolution Initiative Database (Item 49)	52
4.9. Significant Operational Changes	52
Number of Service Interruptions per Month (Item 70)	52
4.10. Incorrect Operations and Near-Miss Reports	52
4.11. One-Call Violations and Third-Party Damage Prevention Data Right-of-Way (ROW) Surveillance Data (Item 50)	52
Third-Party Damage (TPD), Near-Misses (Item 51).....	53
Unauthorized ROW Encroachments (Item 52)	53
TPD Reports on Detected One-Call Violations (Item 53).....	53
TPD Reports on Changes in Population Activity Levels, Land Use and Heavy Construction Activities (Item 54).....	53
Miles of Pipe Inspected by Aerial Survey by Month (Item 56)	53
Number of Pipeline Signs Installed, Repaired, Replaced by Month (Item 57).....	54
Number of Public Outreach or Educational Meetings Regarding Pipeline Marker Signs and Safety (Item 58)	55
Number of One-Calls by Month by Tier (Item 59)	55
Public Awareness Summary Annual Report (Item 60)	56
Number of Website Visits to Safety Page by Month (Item 61).....	56
Number of ROW Encroachments by Month (Item 67)	56
Number of Physical Hits to Pipeline by Third Parties, by Month (Item 68).....	56
Annual TPD Assessment Report (Item 71).....	56

One-Call Activity Reports (Item 72).....	57
4.12. Incident, Root Cause, and Metallurgical Failure Analysis Reports	57
4.13. Other LPSIP/RRA Studies, Evaluations, and Program Data	57
4.14. Major Pipeline Incidents, Industry, or Agency Advisories Affecting Pipeline Integrity PHMSA Advisories.....	58
4.15. DOT Regulations	59
4.16. Literature Reviewed.....	59

LIST OF FIGURES

Figure 1. Longhorn System Map 2012.....	4
Figure 2. Fault Displacement Over 8½ Year Period	19
Figure 3. Changes in the Scour Survey of Pin Oak Creek over 6½ Years	21
Figure 4. Changes in the Scour Survey of the Colorado River over 6½ Years.....	22
Figure 5. Flow Chart of 2012 One-Calls to the Longhorn System	25

LIST OF TABLES

Table 1. Pressure-Cycle-Induced Fatigue Cracking Analysis Locations	16
Table 2. Fatigue Lives for the Pressure-Cycle Analysis Locations.....	16
Table 3. Summary of Metal Loss Anomalies Remediated.....	17
Table 4. Summary of Laminations Detected and Excavated	18
Table 5. Fault Location and Geologic Data for the Active Aseismic Faults in Harris County, Texas	19
Table 6. Summary of Estimated Allowable Fault Displacement Due to Stresses.....	20
Table 7. LPSIP Activity Measures	29
Table 8. LPSIP Deterioration Measures.....	30
Table 9. LPSIP Failure Measures.....	31
Table 10a. Existing ILI Runs and Planned Future Inspections.....	34
Table 10b. Existing ILI Runs and Planned Future Inspections.....	35
Table 11. Summary of 2012 Recommendations	38

TERMS, DEFINITIONS AND ACRONYMS

Many of the terms and definitions are taken directly from Section 2.0 of the ORA Process Manual titled Terms, Definitions, and Acronyms. Although all terms are highlighted in bold, *definitions that are lifted directly from the ORAPM or LMP are also italicized.*

1950 pipe material – Pipe material laid in 1950. Although the majority of the Existing Pipeline is made up of 1950 pipe material, some consists of newer replacement pipe such as the 19 mile 2002 pipe replacement in the Austin area.

1998 pipe material – Pipe material laid in 1998. Although the New Pipeline extensions consist almost entirely of 1998 pipe material some newer pipe material is contained in the existing 1950 pipeline in the form of pipe replacements.

Accident – As stated in the LMP, an undesired event that results in harm to people or damage to property.

Anomaly – A possible deviation from sound pipe material or weld. An indication may be generated by non-destructive testing, such as in-line inspection. [from NACE RP0102 In-Line Inspection of Pipelines]

AC – Alternating Current

API – American Petroleum Institute

ASME – American Society of Mechanical Engineers

COM – Coordinator of Operations and Maintenance, Magellan personnel responsible for coordinating activities in the field along the pipeline ROW.

CP – Cathodic Protection – A method of protection against galvanic corrosion of a buried or submerged pipeline through the application of protective electric currents.

d – Defect depth

D – Pipe diameter, usually the outside diameter of the pipeline (also see, OD).

Defect – An imperfection of a type or magnitude exceeding acceptable criteria. Definition based on API Publication 570 – Piping Inspection Code. (Also see, anomaly).

DOC – Depth of cover

DOT – Department of Transportation

EA – Environmental Assessment – An evaluation of the environmental, health and safety impacts of operating the proposed Longhorn Pipeline Project, including alternative proposals and mitigation measures. The US DOT/OPS and US EPA performed the EA as co-lead agencies.

Encroachments – Unannounced or unauthorized entries of the pipeline right-of-way by persons operating farming, trenching, drilling, or other excavating equipment. Also, debris and other obstructions along the right-of-way that must periodically be removed to facilitate prompt access to the pipeline for routine or emergency repair activities. The Longhorn Pipeline System Integrity Plan (LPSIP) includes provisions for surveillance to prevent and minimize the effects of right-of-way encroachments.

EPA – Environmental Protection Agency

EFW – Electric-flash weld is a type of EW using electric-induction to generate weld heat.

ERW – Electric-resistance weld is a type of EW using electric-resistance to generate weld heat.

EW – Electric welding is a process of forming a seam for electric-resistance (ERW) or electric-induction (EFW) welding wherein the edges to be welded are mechanically pressed together and the heat for welding is generated by the resistance to flow of the electric current. EW pipe has one longitudinal seam produced by the EW process.

Existing Pipeline – Originally defined in the EA, it consists of the portion of the pipeline originally constructed by Exxon in 1949-1950 that runs from Valve J-1 to Crane pump station. Currently the in-service portion of the Existing Pipeline runs from MP 9 to Crane because the 2 mile section from Valve J-1 to MP 9 is not in use.

GPS – Global Positioning System – a method for locating a point on the earth using the GPS.

HCA – High Consequence Area – as defined in 49 CFR 195.450, a location where a pipeline release might have a significant adverse effect on one or more of the following:

- Commercially navigable waterway
- High population area
- Other populated area
- Unusually sensitive area (USA)

Hydrostatic Test – An integrity verification test that pressurizes the pipeline with water, also called a hydrotest or hydrostatic pressure test.

ILI – In-Line Inspection – the use of an electronically instrumented device that travels inside the pipeline to measure characteristics of the pipe wall and detect anomalies such as metal loss due to corrosion, dents, gouges and/or cracks depending upon the type of tool used.

ILI Final Report – A report provided by the ILI vendor that provides the operator with a comprehensive interpretation of the data from an ILI.

Incident – An event defined in the Incident Investigation Program of the LMP: Includes accidents, near-miss cases, or repairs, and/or any combination thereof. Incidents are divided into three categories, Major Incidents, Significant Incidents, and Minor Incidents.

A “PHMSA (or DOT) reportable incident” is a failure in a pipeline system in which there is a release of product resulting in explosion or fire, volume exceeding 5 gallons (5 barrels

from a pipeline maintenance activity), death of any person, personal injury necessitating hospitalization, or estimated property damage exceeding \$50,000.

J-1 Valve – A main line pipeline valve in the Houston area, described in the LMP as the junction of the Existing Pipeline and a New Pipeline extension. Although this valve still exists, it is not contained in the currently active Longhorn pipeline, and the actual junction is at MP 9 (2 miles from the J-1 Valve).

L – Defect length

LMC – Longhorn Mitigation Commitment – Commitments made by Longhorn described in chapter 1 of the LMP.

LMP – Longhorn Mitigation Plan – Commitments made by Longhorn to protect human health and the environment by conducting up front (prior to pipeline start-up) and ongoing activities regarding pipeline system enhancements and modifications, integrity management, operations and maintenance, and emergency response planning.

LPSIP – Longhorn Pipeline System Integrity Plan – A program designed to gather unique physical attributes on the Longhorn Pipeline System, to identify and assess risks to the public and the environment, and to actively manage those risks through the implementation of identified Process Elements. Also Chapter 3 of the LMP.

MASP – Maximum Allowable Surge Pressure

MIC – Microbiologically Influenced Corrosion – Localized corrosion resulting from the presence and activities of microorganisms, including bacteria and fungi.

MFL – Magnetic flux leakage – The flow of magnetic flux from a magnetized material, such as the steel wall of a pipe, into a medium with lower magnetic permeability, such as gas or liquid. Often used in reference to an ILI tool that makes MFL measurements.

mil – One thousandth of an inch (0.001 in)

MOCR – Management of Change Recommendation

MOP – Maximum Operating Pressure

MP – Mile Post

NACE – NACE International formerly known as the National Association of Corrosion Engineers.

Near-Miss – An event defined in the Incident Investigation Program of the LMP as an undesired event which, under slightly different circumstances, could have resulted in harm to people or damage to property. In addition the LMP states: a specific scenario of a minor accident (minor actual loss) could also be a major near-miss (major potential loss). Thus a near-miss may or may not result in an incident.

New Pipeline – In 1998 extensions were added to the Existing Pipeline to make the current Longhorn pipeline. Extensions were added from Galena Park to MP 9 and Crane to El

Paso Terminal. Laterals were added from Crane to Odessa, and from El Paso Terminal to Diamond Junction. In 2010 a 7-mile loop (3 ½ miles each way) was added, connecting Magellan's East Houston terminal to MP 6.

OD – Outside nominal diameter of line pipe.

One-Call – Texas 811 is a computerized notification center that establishes a communications link between those who dig underground (excavators) and those who operate underground facilities. The Texas Underground Facility Damage Prevention Act requires that excavators in Texas notify a one-call notification center 48 hours prior to digging, so the location of an underground facility can be marked. The Texas 811 System can be reached at toll free number 811 or website <http://www.texas811.org/>.

One-Call Violation – A violation of the requirements of the Texas Underground Facility Damage Prevention and Safety Act by an excavator. This ORA is concerned about violations within the Longhorn Pipeline ROW.

Operator – An entity or corporation responsible for day to day operation and maintenance of pipeline facilities.

OPS – Office of Pipeline Safety – co-lead agency who performed the EA, now a part of PHMSA.

ORA – Operational Reliability Assessment – Annual assessment activities to be performed on the Longhorn Pipeline System to determine its mechanical integrity and manage risk over time.

ORAPM – The ORA Process Manual

PHMSA – The Pipeline and Hazardous Materials Safety Administration, the federal agency within DOT with safety jurisdiction over interstate pipelines.

POE – Probability of Exceedance – The likelihood that an event will be greater than a pre-determined level; used in the ORA to evaluate corrosion defect failure pressures versus intended operating pressures. The POE for depth (POE_D) is the probability that an anomaly is deeper than 80-percent of wall thickness. The POE for pressure (POE_p) is the probability that the burst pressure of the remaining wall thickness will be less than the system operating pressure or surge pressure. The POE for each pipe joint is POE_{joint} .

PPTS – API's Pipeline Performance Tracking System – a voluntary incident reporting database for liquid pipeline operators.

Process Elements – Items to be implemented as part of the LPSIP, including programs for corrosion management, in-line inspection, risk assessment and mitigation, damage prevention, encroachment, incident investigation, management of change, depth of cover, fatigue analysis, incorrect operations mitigation, and LPSIP performance metrics.

Recommendation – Suggestion for activities or changes in procedures that are intended to enhance integrity management systems, but are not specifically mandated in the LMP.

Repair – The LMP describes a repair as a temporary or permanent alteration made to the pipeline or its affiliated components that are intended to restore the allowable operating pressure capability or to correct a deficiency or possible breach in mechanical integrity of the asset.

Requirement – Activities that must be performed to comply with the LMP commitments.

Risk – A measure of loss measured in terms of both the incident likelihood of occurrence and the magnitude of the consequences.

Risk Assessment – A systematic, analytical process in which potential hazards from facility operation are identified and the likelihood and consequences of potential adverse events are determined. Risk assessments can have varying scopes, and be performed at varying levels of detail depending on the operator's objectives.

Root Cause Analysis – Evaluation of the underlying cause(s) and contributing factors of a pipeline incident or damage requiring repair.

ROW – Right-of-way

RPR – Rupture Pressure Ratio – for the Longhorn Pipeline System this is defined as the ratio of calculated Burst Pressure divided by the lesser of current MOP or MASP.

RSTRENG – A method of calculating the failure pressure (or Remaining STRENGTH) of a pipeline caused by corrosion or metal-loss of the pipe steel. The method is capable of using an approximation of the defect profile rather than simpler two parameter methods that use simply the defect depth (d) and length (L).

SCC – *Stress Corrosion Cracking* – a form of environmental attack of the pipe steel involving an interaction of local corrosive environment and tensile stresses in the metal resulting in formation and growth of cracks. (ASME 31.8S)

Tier I Areas – Areas of normal cross-country pipeline.

Tier II Areas – Areas designated in the EA as environmentally sensitive due to population or environmental factors.

Tier III Areas – Areas designated as in the EA as environmentally hypersensitive due to the presence of high population or other environmentally sensitive areas.

TFI – Transverse Field Inspection – an MFL Inspection tool with the field oriented in the circumferential direction. The tool differs from conventional MFL because these conventional tools have their field oriented in the axial direction or along the axis of the pipe.

TPD – Third-party damage

TPD Annual Assessment – “Longhorn System Annual Third Party Damage Prevention Program Assessment” Report. The annual report written by the operator to summarize the TPD prevention program. This report is also known in the ORAPM process manual Appendix D as Item 71 Annual Third Party Damage Assessment Report

TRRC – Texas Railroad Commission, the agency with safety jurisdiction over Texas intrastate pipelines.

UT – Ultrasonic testing – a non-destructive testing technique using ultrasonic waves.

wt – Wall thickness of line pipe

2012 Operational Reliability Assessment of the Longhorn Pipeline System

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and Dennis Johnston

1. INTRODUCTION

Objective

This report presents the annual assessment of the operational reliability of the Longhorn Pipeline System for the 2012 operating year. Kiefner and Associates, Inc. (Kiefner) has carried out the operational reliability assessment (ORA) which is intended to provide Magellan with a technical assessment of the effectiveness of the Longhorn Pipeline System Integrity Plan (LPSIP), incorporate the results of all elements of the LPSIP as attributes and data to consider in the overall assessment of the mechanical condition of the Longhorn assets, and provide recommendations to preserve the long term integrity or mitigate areas of potential concern before they result in a breach of the pipeline system.

Background

In 1999 and 2000, prior to its commissioning, Longhorn Partners Pipeline, LP, the previous owner, participated in an Environmental Assessment (EA) that was prepared by the US Environmental Protection Agency (EPA) and Department of Transportation (DOT). The EA Finding of No Significant Impact was conditioned upon Longhorn's commitment to implement certain integrity-related activities and plans prior to pipeline start-up and periodically throughout the operation of the system. Longhorn's commitment to minimize the likelihood and consequences of product releases was specified in the Longhorn Mitigation Plan (LMP). These commitments include the Longhorn Continuing Integrity Commitment wherein Longhorn has agreed to implement System Integrity and Mitigation Commitments and performance of annual ORAs. A list of the Longhorn Mitigation Commitments (LMC) covered by this ORA is provided in Appendix A. Magellan Pipeline Company, L.P. (Magellan) currently owns the Longhorn system assets; they purchased the pipeline in 2009, but have operated it since startup.

The LMP committed Longhorn to retain an independent third party technical company to perform the ORA, subject to the review and approval of the Pipeline and Hazardous Materials Safety Administration (PHMSA). Longhorn had selected and PHMSA approved Kiefner as the ORA contractor and Magellan is continuing with this agreement.

The LMP stipulates specific and general requirements of the ORA. Those requirements were extracted from the LMP and used to develop the Operational Reliability Assessment Process Manual (ORAPM). The ORA is carried out according to the ORAPM, revised as of April, 2011. Additional guidance for the ORA is provided by the "Mock ORA for Longhorn Pipeline" that was performed by Kiefner prior to commissioning of the pipeline. Among other things, the ORAPM requires the ORA contractor to provide periodic reports to Magellan and DOT/PHMSA.

The activities of the ORA contractor consist of assessing pipeline operating data and the results of integrity assessments, surveys, and inspections, and making appropriate recommendations with respect to seven potential threats to pipeline integrity. Managing these threats and preserving the integrity of the Longhorn system assets are among the goals of the LPSIP being carried out by Magellan. The seven threats are:

1. Pressure-Cycle-Induced Fatigue
2. Corrosion
3. Laminations and Hydrogen Blisters
4. Earth Movement and Water Forces
5. Third-Party Damage
6. Stress-Corrosion Cracking
7. Threats to Facilities Other than Line Pipe

The sixth of these threats, SCC, has not been identified as a threat of concern to the Longhorn pipeline, but was added as SCC has been an unexpected problem for some pipelines, even though these pipelines had not recognized SCC as a threat in the past.

ORA Interaction with the LPSIP

The LPSIP is the direct operator interface with the daily operations and maintenance of the Longhorn system assets. It contains twelve process elements that are used to formulate prevention and mitigation recommendations that are directly implemented on a periodic basis throughout pipeline operations. The LPSIP serves as the primary mechanism for the generation and collection of pipeline system operation and inspection data that are required for performance of ORA functions. Integrity intervention and inspection recommendations resulting from the ORA analyses are implemented by the LPSIP.

The twelve elements of the LPSIP are:

1. Corrosion Management Plan
2. In-Line Inspection and Rehabilitation Program

3. Key Risk Areas Identification and Assessment
4. Damage Prevention Program
5. Encroachment Procedures
6. Incident Investigation Program
7. Management of Change
8. Depth of Cover Program
9. Fatigue Analysis & Monitoring Program
10. Scenario Based Risk Mitigation Analysis
11. Incorrect Operations Mitigation
12. System Integrity Plan Scorecarding and Performance Metrics Plan

Longhorn Pipeline System Description

The Longhorn Pipeline is comprised of 18 and 20-inch diameter pipe, which extends 701 miles from Galena Park, Texas to a terminal located 3 miles east of El Paso, Texas, plus an 8-inch lateral which extends 29 miles from Crane to Odessa, Texas, and 4 laterals which extend 8.5 miles from El Paso Terminal to Diamond Junction (Figure 1). The pipeline delivers refined petroleum products (gasoline and other motor fuels) to markets in El Paso and Odessa with connections through other pipelines at Diamond Junction to New Mexico, Arizona, and Mexico. Approximately 449 miles of this pipeline were constructed in 1950. This portion of the pipeline was formerly operated by Exxon Pipeline Company to transport crude oil from Crane, Texas to Baytown, Texas. The existing crude-oil system was idled in 1995. It was subsequently reconditioned, including a 2002 replacement of approximately 19 miles in the Austin area, and converted to refined products service. Two hundred forty six (246) miles of new line pipe were installed in 1998 to extend the pipeline to its present route. Approximately 9 miles of new pipe were installed from Galena Park to MP 9, and 237 miles of new pipe were installed from Crane to El Paso, Texas. The laterals to Odessa and Diamond Junction were installed in 1998. In 2010 Magellan added a 7-mile long 20-inch diameter loop (3½ miles each way) between the Longhorn Pipeline near MP 6 to a tank farm at East Houston Station.

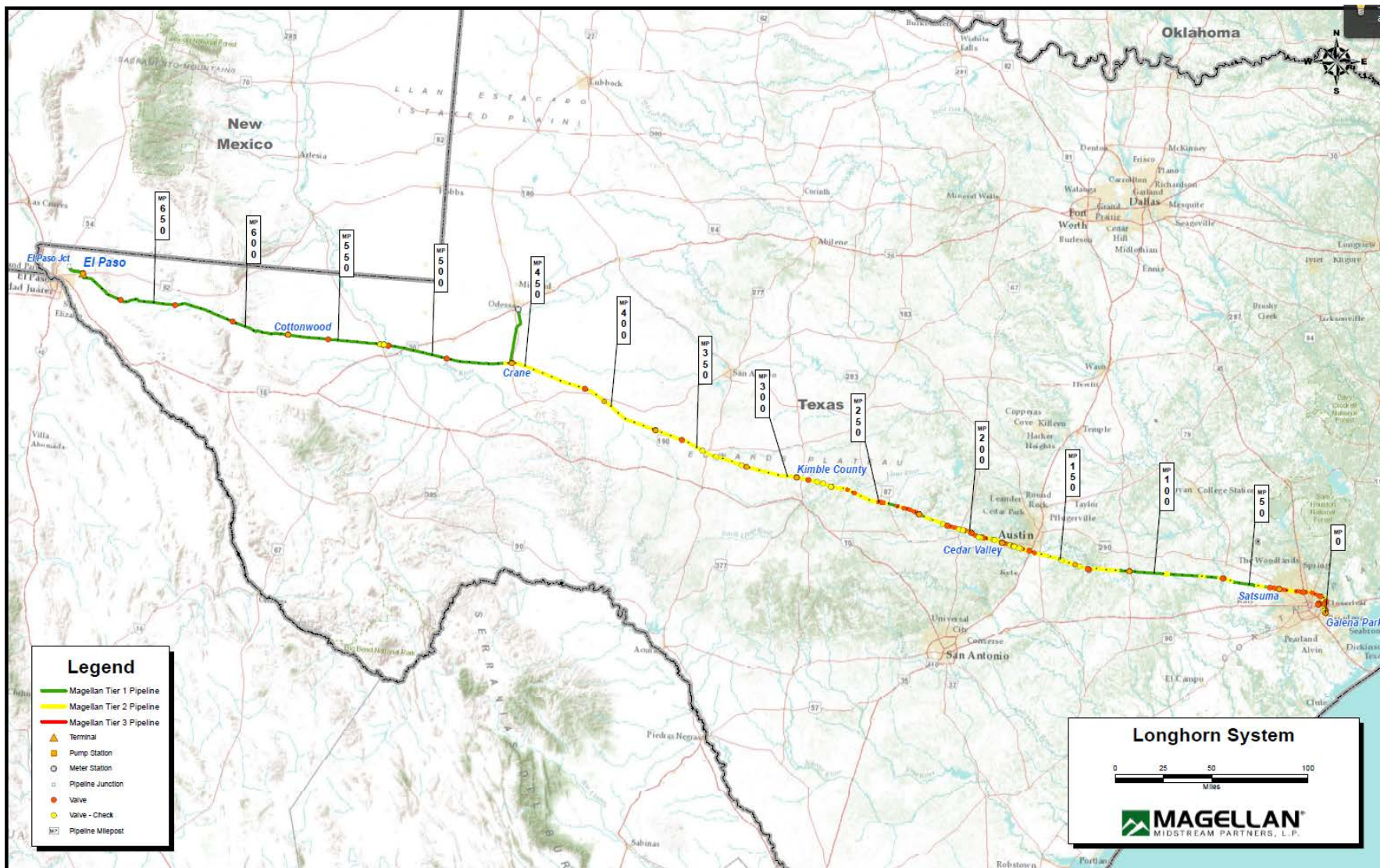


Figure 1. Longhorn System Map 2012

The original 1950 Exxon pipeline is described in the EA as the Existing Pipeline to differentiate it from the New Pipeline extensions installed in 1998 and 2010. The currently operating pipeline does not include the J-1 Valve because the 9 mile extension from Galena Park to MP 9 was connected with the Existing Pipeline approximately 2 miles downstream of the J-1 Valve. In addition, there is also no pig launcher at this junction at MP 9, so effectively when commitments for the Existing Pipeline (Valve J-1 to Crane) are performed, they are required on the active Existing Pipeline (MP 9 to Crane) and performed from East Houston Station (6½ miles upstream of MP 9.1) to Crane (MP 457.5). Pipelines outside of this interval are considered New Pipeline extensions and are not subject to the specific requirements that are applied to the Existing Pipeline (Valve J-1 to Crane), although they are subject to all PHMSA regulations and other commitments in the LMP.

Time Scope

This report presents the annual assessment for 2012 of the operational reliability of the Longhorn system assets. The pipeline entered commercial refined product service on January 27, 2005. The first ORA Annual Report was prepared for the period from January 27, 2005 through January 26, 2006. Subsequent annual reports cover the calendar year, aligning the report period with annual reports prepared for the Longhorn pipeline, many of which are used to prepare this ORA annual report. In addition, this reporting period and ORA Report submission date complies with the requirements in LMC 38 of the LMP and Section 13 of the ORAPM.

In preparation to convert a portion of the Longhorn Pipeline from Crane, Texas to East Houston, Texas from refined product to crude oil service and reverse the flow, displacement started on July 30, 2012 and was completed to Crane on August 17, 2012. For the remainder of 2012 the pipeline was not in operation.

2. EXECUTIVE SUMMARY

This 2012 annual ORA report of the Longhorn system assets addresses the following subjects:

- Threats and Potential Threats to the Pipeline
 1. Pressure-Cycle-Induced Fatigue
 2. Corrosion
 3. Laminations and Hydrogen Blisters
 4. Earth Movement and Water Forces
 5. Third-Party Damage
 6. Stress-Corrosion Cracking

7. Threats to Facilities Other than Line Pipe

- Technical Assessment of the effectiveness of the LPSIP

The analyses of operational pressure cycles to date show that the intensity of pressure cycles is relatively nonaggressive in relation to benchmarks established on the basis of typical liquid petroleum products and crude oil pipelines. If this continues to be the mode of operation, integrity reassessment from the standpoint of electric-resistance weld (ERW) seam anomalies will not be necessary until the year 2059. A TFI tool run, completed in 2007 and early 2008, is used to define a flaw size that will determine the reassessment interval. Seventy five (75) seam weld features were identified and remediated during the 2007 and 2008 program. Therefore, the reassessment interval uses the seam weld feature detection threshold value from the TFI tool vendor.

Corrosion is a time dependent threat that is periodically monitored using ILI, annual corrosion surveys, and close interval surveys. Ultrasonic (UT) wall measurement tools have been run from Galena Park to Crane and were completed in 2010. Results showed that no immediate digs were required and a substantially smaller number of repairs were required for scheduled and POE digs. A second MFL tool run was completed for the three laterals from El Paso to Diamond Junction.

The condition of any laminations and blisters using UT ILI data was analyzed on the existing pipeline from Galena Park to Crane in 6 segments. From 8,183 laminations identified in these 6 segments, 82 excavations were selected and 2 possible bulging laminations were discovered and repaired with Type B pressure containing sleeves.

From the standpoint of earth movement and water forces, the primary integrity concerns are ground movement from aseismic faults and soil erosion caused by scouring from floods at specific points along the pipeline. As of 2012, 8 years of data of aseismic fault movements have been taken. The results show fault movement on three of the faults continues to be so small that ground movement will not be a threat to the pipeline and the fourth fault at the Hockley site is only a minor threat. Semi-annual scour surveys of the crossings at the Colorado River and its tributary Pin Oak Creek are starting to show some evidence of soil erosion or scouring. These surveys need to be related to the remaining amount of cover for these two pipelines. This recommendation was made last year and no evidence of relating these surveys to remaining depth of cover has been received in 2012. The remaining river crossings are inspected visually once every 5 years and were last inspected in 2010.

The Longhorn third-party damage (TPD) prevention program far exceeds the minimum requirements of federal or Texas state pipeline safety regulations, and it represents a model program for the industry. The aerial surveillance and ground patrol frequencies exceeded the

frequencies set forth in the LMP. However, three ROW near-misses occurred, all related to the One-Call requirement; only one was found to be a One-Call violation. None of these near-misses resulted in contact with the pipeline during 2012. The absence of reportable incidents involving mainline pipe suggests the Longhorn proactive damage prevention and maintenance plans (including the aerial surveillance frequency) have been effective and are functioning as intended.

No occurrence of stress-corrosion cracking (SCC) has ever been recorded on the pipeline, including the 449 miles of the Existing Pipeline. Magellan continues to carry out inspections as part of the normal dig program by performing an SCC examination program that uses magnetic particle testing at each dig site.

From the standpoint of facilities data acquired in 2012, one can conclude that pump station and terminal facilities had no adverse impact on public safety.

The technical assessment of the LPSIP indicates that Magellan is achieving the goal of the LPSIP, namely, to prevent incidents that would threaten human health or safety or cause environmental harm. In terms of activity measures, Magellan exceeded the goals of aerial surveillance and ground patrol in the total number of miles patrolled. In addition, public-awareness meetings were held, and right-of-way markers and signs were repaired or replaced where necessary. From the standpoint of deterioration measures, the number of anomalies found per mile requiring excavation decreased substantially between the MFL runs and the UT ILI runs. The number of anomalies requiring immediate repair was zero for the UT ILI runs, down from 0.02-0.04 anomalies per mile for the first MFL runs completed after the line was restarted. In terms of failure measures, there were no DOT-reportable incidents and no third party contact with the pipe or facilities.

3. RECOMMENDATIONS

3.1. Technical Assessment of LPSIP Effectiveness

The LPSIP contains twelve process elements. Seven of these elements are listed below along with an assessment of their effectiveness. These elements are most closely related to the threats addressed by the ORAPM and are summarized in detail with recommendations. The assessments for the remaining five elements can be found in the Annual LPSIP Self-Audit Report for Longhorn Pipeline System.

Longhorn Corrosion Management Plan

Internal corrosion is monitored using internal corrosion coupons; the coupon results show little until the Existing Pipeline went out of service for the reversal. Moderate corrosion was observed on two internal corrosion coupons at the El Paso Terminal during the last four months of the year (See Table B-2). The cathodic protection system is monitored to look for areas where external corrosion could be occurring. The corrosion management plan in combination with the ILI program has been effective at preventing and monitoring corrosion degradation in 2012.

In-Line-Inspection and Rehabilitation Program

UT inspections for the Existing Pipeline were completed in 2010. Remediation was completed in 2010 (two sections) and 2011 (six sections), with three additional excavations occurring in 2012. Three MFL inspections were completed in 2012 between the El Paso Terminal and Diamond Junction. A combination EGP/MFL inspection was also conducted in 2012 from Cottonwood to El Paso. Caliper inspections also occurred in 2012 prior to displacement on the Existing Pipeline. The ILI surveys have been effective and have shown a decrease in the number of required repairs and thus an improvement in the condition of the pipe with each successive ILI run.

Damage Prevention Program

The Longhorn third-party damage (TPD) prevention program far exceeds the minimum requirements of federal or Texas state pipeline safety regulations, and it represents a model program for the industry. The aerial surveillance and ground patrol frequencies exceeded the frequencies set forth in the LMP. No events resulted in contact with the pipeline during 2012. However, three ROW near-misses occurred; all related to the One-Call requirement; one was found to be a One-Call violation.

The absence of reportable incidents involving mainline pipe suggests the Longhorn proactive damage prevention and maintenance plans (including the aerial surveillance frequency) have been effective and are functioning as intended.

Encroachment Procedures

There were 90 encroachments recorded in 2012 two of which were unauthorized. One of the unauthorized encroachments involved a landscaper installing a sprinkler line less than 16 inches deep; the other consisted of a contractor removing the top layer of soil and adding gravel to improve the drainage. The encroachment procedures, when followed by the encroaching party, have been effective at preventing TPD to the pipeline.

Incident Investigation Program

Magellan is performing incident investigations on all DOT reportable incidents as well as smaller non-reportable incidents. During 2012 there were twelve incident data reports filed, none of which were DOT Reportable; eight were classified as minor, three ROW near-misses and one hazard near-miss. Seven incidents occurred at facilities and five incidents occurred along the pipeline.

Depth of Cover Program

The 2010 Photo Documentation Areas of Concern survey identified six exposures that were assessed and mitigated in accordance with the LPSIP, Outside Forces Damage Prevention Program. Of the six exposures, three were repaired in 2012. Two were inspected by ground patrol and it was determined that the exposed pipelines are owned by other companies; however, the Longhorn pipeline is 75 feet from the washout area and will continue to be monitored through aerial patrol. One location was previously reported to have a concrete cap covering the pipeline; it was inspected in 2011 and found to be still covered by concrete with no exposure. Additionally, two new exposures were later identified by other means and repaired in 2012. There was also one previously repaired exposure that was readdressed in 2012 upon aerial patrol identification.

No new surveys were made in 2012.

Fatigue Analysis and Monitoring Program

The 2012 fatigue analysis performed by Kiefner incorporated results from the 2007-2008 TFI tool runs and was effective at monitoring the potential of fatigue cracking failures from pressure-cycle-induced growth. The analysis for this program is covered under Section 5.1 of this report.

3.2. Recommended Intervention Measures and Timing

Pressure-Cycle-Induced Fatigue

For the threat of pressure-cycle-induced fatigue, a reassessment in the year 2059 was calculated based on the pressure cycles for 2008 through mid-2012 and using the results from the 2007-2008 TFI tool runs. The pressure data through the end of the displacement process were used to determine the reassessment interval. The next assessments are as follows:

- East Houston to Satsuma (MP 0 to MP 34.1): 2223
- Satsuma to Warda (MP 34.1 to MP 112.9): 2067
- Warda to Cedar Valley (MP 112.9 to MP 181.6): 2185

- Cedar Valley to Eckert (MP 181.6 to MP 227.9): 2070
- Eckert to Ft McKavett (MP 227.9 to MP 321.9): 2059
- Ft McKavett to Crane (MP 321.9 to MP 457.5): 2223
- Crane to Cottonwood (MP 457.5 to MP 576.3): 2223
- Cottonwood to El Paso (MP 576.3 to MP 694.4): 2223
- Crane to Odessa: 2223
- El Paso to Chevron 8-in (MP 0.0 to MP 9.4): 2223
- Kinder Morgan 8-in Flush Line (MP 9.4 to 0.0): 2223

Corrosion

For the threat of corrosion, UT inspections for the Existing Pipeline were completed in 2010. Remediation was completed in 2010 (2 sections) and 2011 (6 sections). Three ILI inspections occurred in 2012 between El Paso and El Paso Junction. The three sections are: Kinder Morgan Flush 8-in (Line ID 6652), El Paso to Kinder Morgan 12-in (Line ID 6651) and El Paso to Chevron 8-in (Line ID 6650). An ILI was also conducted between Cottonwood and El Paso in May 2012. The next required ILI assessments are as follows:

- East Houston to Satsuma (MP 0 to MP 34.1): 22-Sept-2014
- Satsuma to Warda (MP 34.1 to MP 112.9): 24-Nov-2014
- Warda to Cedar Valley (MP 112.9 to MP 181.6): 24-Jan-2015
- Cedar Valley to Eckert (MP 181.6 to MP 227.9): 20-Feb-2015
- Eckert to Ft McKavett (MP 227.9 to MP 321.9): 25-Jun-2015
- Ft McKavett to Crane (MP 321.9 to MP 457.5): 8-Jul-2015
- Crane to Cottonwood (MP 457.5 to MP 576.3): 21-Nov-2013
- Cottonwood to El Paso (MP 576.3 to MP 694.4): 19-May-2017
- Crane to Odessa: 28-Jun-2016
- El Paso to Chevron 8-in (Line ID 6650): 23-Feb-2017
- Kinder Morgan 8-in Flush Line (Line ID 6652): 21-Feb-2017
- El Paso to Kinder Morgan 12-in (Line ID 6651): 22-Feb-2017

Laminations and Hydrogen Blisters

Three lamination anomalies were excavated and cut-out during 2012 on the Existing Pipeline segments. The laminations excavated were predicted to be sloping (1) and bulging laminations (2). These anomalies were located on sections of pipe being cut-out per maintenance reports. Magellan should continue to monitor the lamination locations with ILI tools to verify that no blisters are forming. The monitoring frequency recommended should coincide with the corrosion reassessment schedule in Section 7 as shown below:

- East Houston to Satsuma (MP 0 to MP 34.1): 22-Sept-2014
- Satsuma to Warda (MP 34.1 to MP 112.9): 24-Nov-2014
- Warda to Cedar Valley (MP 112.9 to MP 181.6): 24-Jan-2015
- Cedar Valley to Eckert (MP 181.6 to MP 227.9): 20-Feb-2015
- Eckert to Ft McKavett (MP 227.9 to MP 321.9): 25-Jun-2015
- Ft McKavett to Crane (MP 321.9 to MP 457.5): 8-Jul-2015

Earth Movement and Water Forces

The earth-movement analysis continues to show that any movement on the four faults that are monitored is an order of magnitude less than the assumptions used to justify the required monitoring program in the EA. Kiefner continues to recommend a five-year reinspection program for these four faults rather than the current 6-month program. If the faults appear to become more active, then more frequent measurements can be implemented.

Data from semi-annual scour inspections for the Colorado River and Pin Oak Creek were inconclusive because of water level fluctuations that were used for measurement. These measurements need to be related to the remaining depth of burial on the pipeline so that Magellan can plan for any remediation that may be needed once an erosion threshold is reached (see Stream Crossings in Section 5.4). The scour inspection on these two crossings should continue as specified by studies referenced in LMC 19. A river crossing survey was completed in July 2012 on the Colorado River indicating there were no scouring issues.

Third-Party Damage

For the threat of TPD, Magellan should continue both prevention and inspection activities. Prevention activities include ROW surveillance and public-awareness activities that continued to be successful in 2012. Inspection activities include almost all ILI inspections required as part of the ORA, including the MFL-geometry inspection carried out in 2004-2007, the TFI-geometry inspection in 2007-2008, the UT-geometry inspection in 2009-2010, and the geometry inspections in 2012. LMC 12A requires inspections with a "smart" geometry tool be carried out within three years of a previous inspection. The geometry inspections carried out in 2012 fulfill this requirement. For specific inspection dates to fulfill the requirement for each of the six intervals spanning the Existing Pipeline from East Houston to Crane see Table 10 in Section 7 on Integration of Intervention Requirements.

Stress-Corrosion Cracking

As no evidence of SCC has been detected, it is not necessary to recommend an intervention measure. Magellan should continue to monitor for this threat through their current method, which consists of looking for evidence of SCC when maintenance excavations are performed.

Threats to Facilities Other than Line Pipe

From the standpoint of facility data acquired for 2012, one can conclude that active non-pipe facilities had no adverse impact on public safety. Longhorn monitors the integrity of these facilities through scheduled maintenance and inspection activities prescribed by the LPSIP and results are tracked in an electronic database.

The Longhorn facilities maintenance program represents a thorough and comprehensive means of facility inspection and preventive maintenance. Magellan continues its detailed documentation of incidents, facility integrity processes, and reporting of the facility preventive maintenance program.

3.3. Implementation of New Mechanical Integrity Technologies

No new technologies were implemented in 2012.

3.4. ORA Process Improvements

No new processes were implemented in 2012.

4. NEW DATA USED IN THIS ANALYSIS

The ORA Process Manual identifies 78 items in Appendix D consisting of data, data logs, and reports the ORA contractor must review and consider in conducting the ORA. These 78 items in the ORAPM are discussed in Appendix B of this report.

5. RESULTS AND DISCUSSION OF DATA ANALYSIS

This section presents an analysis of the data collected in Section 4 for the seven ongoing integrity threats monitored by the LMP: pressure-cycle-induced fatigue cracking, corrosion, pipe laminations and hydrogen blisters, earth movement, third-party damage (TPD), stress-corrosion cracking (SCC), and threats to facilities other than line pipe.

5.1. Pressure-Cycle-Induced Fatigue Cracking

Pressure-cycle-induced fatigue-crack-growth of defects is recognized to be a potential threat to the integrity of the Longhorn Pipeline. Manufacturing defects in or immediately adjacent to the longitudinal ERW or EFW seams of the 1950 line-pipe material contained in the Existing Pipeline are considered to be the primary concern. The concern is that a defect that initially may be too small to fail at the operating pressure will grow through fatigue cracking and become large enough to cause a failure if exposed to sufficient numbers of large pressure fluctuations. Accordingly, Section 3 of the ORAPM requires the monitoring of pressure cycles during the operation of the pipeline, calculating the worst-case crack growth in response to such cycles, and reassessing the integrity of the pipeline at appropriate intervals to find and eliminate growing cracks before they become large enough to cause a failure of the pipeline. Although the likelihood of such defects being present in the newer 1998 and 2010 pipe material is much less than that associated with the 1950 pipe material, pressure-cycle monitoring and crack-growth analyses are performed for the New Pipeline extensions (MP 6 to East Houston to MP 9, Galena Park to MP 9 and Crane to El Paso) as well as for the Existing Pipeline (MP 9 to Crane).

The potential effects of pressure-cycle-induced fatigue are calculated for the Existing Pipeline on the basis of the results of the TFI tool run from Galena Park to Crane completed in 2007 and early 2008.

The failure pressure of each defect is controlled not only by its size, but by the diameter and wall thickness of the pipe, the strength of the pipe, and the toughness of the pipe. Toughness is the ability of the material containing a given-size crack to resist tearing at a particular value of applied tensile stress. Toughness in line-pipe materials has been found to correspond reasonably well to the value of "upper-shelf" energy as determined by means of standard Charpy V-notch impact tests. As noted in Reference¹, the Charpy V-notch energy levels for samples of the 1950 material ranged from 15 to 26 ft-lb. Prior to completing the TFI tool run, the ORAPM specified a process that used the previous hydrostatic test pressure levels to determine a starting defect size. In this case, toughness is a factor for establishing starting defect sizes and it is more conservative to use a higher value of toughness as it allows for a larger defect to remain after the hydrotest. Note that toughness is not a factor in establishing either starting defect size using the ILI detection threshold or the N10 notch. Toughness is needed to calculate the size of the defect that will cause failure at the operating pressure. In these cases, a lower toughness value generally leads to more conservative calculated fatigue lives. However, for the specific flaw sizes used in our analysis, the fatigue life does not change whether 15-ft lbs or 25 ft-lbs is assumed. This is due in part to the relatively short length of the starting defects. With a longer defect, it would be expected that using a value of 15 ft-lbs instead of 25 ft-lbs would decrease the fatigue life. We have used a value of 15 ft-lbs in our calculations.

To conduct a pressure-cycle analysis for the Longhorn Pipeline, we use the well-known and widely accepted “Paris Law” model in which the natural log of crack growth per cycle of pressure (or hoop stress) is assumed to be proportional to the natural log of the change in stress intensity represented by the pressure change. The slope and intercept of this relationship are constants that depend on the nature of the material and the environment in which the crack exists. In the absence of empirical data for the particular crack-growth environment of the Longhorn Pipeline, we use values for the constants that have been established through large numbers of laboratory tests and that are published in the Fitness-For-Service API Standard 579-1/ASME FFS-1. The change in stress-intensity factor corresponding to a change in pressure is calculated via a Raju/Newman algorithm. Details of these equations are available in the Mock ORA (Reference 2 or in Reference 3, a readily available technical publication).

Pressure-cycle data are provided to us by the operator of the Longhorn Pipeline. We use a systematic cycle-counting procedure called “rainflow counting” to pair maximum and minimum pressures. The rainflow-counted cycles are used in the Paris-Law model to grow a potential crack. For a given set of cycles, we can predict the number of such cycles and the length of time that it will take for the fastest growing defect to reach a size that will fail at the maximum operating pressure of the pipeline. We make Magellan aware of that time, and in accordance with the LMP, Magellan will carry out a reassessment of the integrity of the pipeline before 45-percent of the time to failure has expired.

The line pipe that is expected to be the most susceptible to longitudinal-seam fatigue-crack-growth is the 1950 pipe material which includes the 20-inch OD, 0.312-inch WT Grade B pipe, the 18-inch OD, 0.281-inch and 0.312-inch WT X45 pipe, and the 18-inch OD, 0.250-inch WT X52 pipe. The results of the TFI tool run indicated the presence of 75 Seam Weld A and B features in the Galena Park to Crane segment, or those that are presumed to be crack-like in nature. Through the course of the 2007 and 2008 dig program, each of the crack-like indications called out by the tool have been repaired. Therefore, the procedure in Section 3.4 of the ORA Process Manual requires the use of detection threshold capabilities of the TFI tool to determine an appropriate reassessment interval. The TFI detection capabilities for seam weld features state that a depth of 50-percent of the wall thickness for features between one and two inches in length and a minimum depth of 25-percent of the wall thickness for features greater than two inches in length could be missed.

Based on these detection capabilities, the analysis assumes that a 50-percent through wall, 2-inch long crack-like feature could have been missed. The 50-percent through wall defect has a shorter life than a 25 percent through wall defect. In the Existing Pipe, we assume the defect could have been missed in a location that will provide the most conservative reassessment

interval. We chose the pipe located closest to the discharge of a pump or right at a wall thickness or pipe grade transition to capture the strongest effects of the pressure cycles. It is not necessary to calculate a fatigue life at all the points where the susceptible pipe exists because pipe further downstream will have a longer fatigue life based on the hydraulic gradient and need not be evaluated.

A slightly different procedure is applied to the calculation of time to failure for the newly installed pipe. Instead of using the sizes of defects detected by the TFI tool, we use a starting defect size that is the largest defect that could have escaped detection in the manufacturer's ultrasonic seam inspection. That would be the size of the "calibration" defect used to test the ultrasonic seam inspection detection threshold. That size comes from API Specification 5L, and it is assumed by us to be the largest of the acceptable calibration defects in that standard, namely, the N10 notch. The N10 notch has an axial length of two inches, and a depth of 10 percent of the nominal wall thickness of the pipe. That defect is used as the starting defect size in our analysis. Otherwise the analysis procedure for determining the reassessment time for the 1998 and 2010 pipe material is the same as that described above for the 1950 pipe material.

Our analysis shows that the shortest time to failure for a possible feature that could have been missed by the TFI tool is 115.8 years at the Kimble County Discharge. The recommended reassessment interval is calculated by taking 45 percent of the shortest fatigue life, which corresponds to a factor of safety of 2.22 (1/0.45). Applying this factor of safety, we recommend a reassessment interval of 52.1 years based on the current operating pressures. An assessment would be required in 2059 as this pipe was inspected in 2007. Again, as stated above, the predicted time to failure using Paris Law is based on the crack growth rate given in the Fitness-For-Service API Standard 579-1/ASME FFS-1 for weld-metal material.

A fatigue life was also calculated for the new 1998 pipe material at Galena Park Station and Crane Station and the 2010 pipe material for the East Houston loop based on the maximum flaw size that could exist as stated by the manufacturer. This flaw is described above as an API 5L N10 notch, a 10-percent, 2-inch-long flaw, and was used to calculate the fatigue life at these locations. The fatigue lives for the new pipe in the laterals is expected to be longer than the fatigue lives of the new pipe at Galena Park, Crane and East Houston due to the more intermittent operations resulting in fewer pressure cycles. The calculated fatigue lives for the new pipe are in excess of 500 years and are applied to the laterals to determine the future inspections depicted in Table 10. Table 1 summarizes the locations evaluated.

Table 1. Pressure-Cycle-Induced Fatigue Cracking Analysis Locations

	Description	Station	Mile Post	Diameter, inches	Wall Thickness, inch	Pipe Grade
Case 1	1998 ERW pipe at Galena Park	0+00	0	20	0.312	X52
Case 2	2010 ERW pipe at East Houston	3.5 miles from Mainline	-	20	0.375	X52
Case 3	Transition to 1950 ERW pipe at MP9 downstream of Galena Park	480+09	9.1	20	0.312	Grade B
Case 4	Transition to heavy wall 1950 EFW pipe	1067+46	20.2	20	0.375	Grade B
Case 5	1950 EFW pipe at Satsuma	1802+61	34.1	18	0.281	X45
Case 6	Transition to heavy wall 1950 EFW pipe	1821+42	34.5	18	0.375	Grade B
Case 7	1950 EFW pipe downstream of Cedar Valley	10037+72	190.1	18	0.312	X45
Case 8	1950 EFW pipe at Kimble County	15589+07	295.2	18	0.281	X45
Case 9	Transition to 1950 ERW pipe at Kemper (former Exxon Station)	21387+88	405.1	18	0.250	X52
Case 10	1998 ERW pipe at Crane	24158+39	457.5	18	0.281	X65

Table 2 depicts the fatigue life for each of the above locations. The reassessment interval is based on the remediation of all cracks detectable by the TFI, a high probability of detection for TFI finding all features greater than 50-percent deep and two inches long, no feature greater than 10 percent of the wall thickness existing in the new pipe and the factor of safety of 2.22.

Table 2. Fatigue Lives for the Pressure-Cycle Analysis Locations

	Time to Failure for a Defect That May Be Present, Years	Recommended Reassessment Interval (Includes Safety Factor of 2.2)	Year of ILI Tool Run/Installation	Recommended Year of Next Assessment
Case 1	> 500	> 225	1998	> 2223
Case 2	> 500	> 225	2010	> 2225
Case 3	489.0	220.3	2007	2227.3
Case 4	> 500	> 225	2007	> 2225
Case 5	134.5	60.5	2007	2067.5
Case 6	396.2	178.3	2007	2185.3
Case 7	141.6	63.7	2007	2070.7
Case 8	115.8	52.1	2007	2059.1
Case 9	> 500	> 225	2008	> 2233
Case 10	> 500	> 225	1998	> 2223

5.2. Corrosion

Monitoring the Possibility of Corrosion-Related Leaks or Ruptures using ILI

ILI results are commonly used by pipeline operators as a means for identifying and evaluating corrosion-caused metal loss and planning remediation. This typically involves running an ILI tool to identify and size corrosion features followed by remediation of features that exceed a depth or a pressure threshold as necessary. This generally accepted method is a valid approach for addressing line pipe corrosion. In 2012 MFL tools were run on three pipeline segments from El Paso to Diamond Junction: El Paso to Chevron 8-in, Kinder Morgan 8-in Flush Line, and El Paso to Kinder Morgan 12-in. An ILI was also conducted from Cottonwood to El Paso in May 2012.

UT ILI Inspections

Ultrasonic wall measurement tools provide information on internal and external metal loss, as well as geometrical anomalies such as dents, and also provided information on the existence of laminations and inclusions. A UT tool was run on the six segments from Galena Park through Crane beginning in 2009 with completion in 2010. Table 3 shows the metal loss anomalies that were remediated, by pipeline segment, in 2012 per maintenance reports.

Table 3. Summary of Metal Loss Anomalies Remediated

Pipeline Segment	Metal Loss Anomalies Excavated
Galena Park to Satsuma	3
Satsuma to Warda	9
Warda to Cedar Valley	6
Cedar Valley to Eckert	0
Eckert to Fort McKavett	1
Fort McKavett to Crane	0

5.3. Pipe Laminations and Hydrogen Blistering

In 2009 - 2010 an ultrasonic wall measurement tool was run in each of the six segments between Galena Park and Crane to detect laminations and to determine if any of the laminations had developed blistering due to adsorption of hydrogen. The Galena Park to Satsuma segment contained 1,695 detected laminations, the Satsuma to Warda segment contained 1,082 detected laminations, the Warda to Cedar Valley segment contained 541

detected laminations, the Cedar Valley to Eckert segment contained 594 detected laminations, the Eckert to Fort McKavett segment contained 1,907 detected laminations, and the Fort McKavett to Crane segment contained 2,364 detected laminations. During the 2010 and 2011 remediation program, 112 lamination excavations were performed, of which only 2 of the excavations discovered possible bulging laminations. In 2012, 3 laminations were examined on sections that were removed from the pipeline. The 3 laminations were located and 2 of the 3 excavated laminations discovered possible bulging laminations. However, based on the field inspection, the presence of any blisters could not be verified. Table 4 provides a summary of the laminations detected and excavated.

Table 4. Summary of Laminations Detected and Excavated

Pipeline Segment	Laminations Predicted from ILI	2010 Laminations Excavated	2011 Laminations Excavated	2012 Laminations Excavated
Galena Park to Satsuma	1,695	22	0	0
Satsuma to Warda	1,082	24	0	0
Warda to Cedar Valley	541	0	6	1
Cedar Valley to Eckert	594	0	0	0
Eckert to Fort McKavett	1,907	0	27	1
Fort McKavett to Crane	2,364	0	33	1

The probability of hydrogen adversely affecting the pipe laminations and forming blisters is low due to the refined products transported by the Longhorn pipeline. The most likely risk factor for blister development would be adversely high cathodic protection potentials applied to the pipeline. No instances of abnormally high potentials were found during the assessment.

The conversion of the pipeline to crude oil service in 2013 will re-introduce hydrogen sulfide to the pipeline, similar to the crude oil that was transported from the early 1950's until 1995. Monitoring of the lamination anomalies for the possibility of blister growth with ILI tools is recommended per the proposed Longhorn Pipeline Reversal EA Section 6.2.1.2.

5.4. Earth Movement (Fault and Stream Crossings)

Fault Crossings

The Longhorn pipeline system crosses several aseismic faults between Harris County and El Paso, Texas. None of the faults west of Harris County are known to be active. Within Harris

County, the pipeline crosses four aseismic faults that are considered to be active. The location and geologic data concerning these faults are summarized in Table 5.

Table 5. Fault Location and Geologic Data for the Active Aseismic Faults in Harris County, Texas

Fault	Location			Fault				Soil	
	MP	Station	±feet	Orientation	Dip	Displacement	Width(ft)	Classification	Formation
Akron	3.84	202+90	60	N85E		down N		CL	
Melde	5.66	298+60	50	N64E		down N		CL	Beaumont
Breen	25.85	1364+85	50	N50E		down NW	13	CL	Lissie
Hockley	46.34	2446+60	70	N56W	67SW		80	CL	Lissie

Monitoring stations across the faults were installed in March 2004 in accordance with section 6.2 of the ORAPM. Baseline readings were taken in late May and early June 2004. Seventeen subsequent displacement readings have been taken at approximately 6-month intervals. A plot of the displacements over time is shown in Figure 2 below. Faults move in one direction only, so the up and down variability is an indication of the uncertainty of the measurement. With 8½ years of data we attempted to measure the actual fault movement over time by calculating best fit trend lines. The trend lines show no measureable movement on the Melde and Breen faults, with only slight movement of 0.014 in/yr (0.36 mm/yr) over 8½ years for the Akron fault and -0.017 in/yr (-0.43 mm/yr) over 8½ years for the Hockley fault.

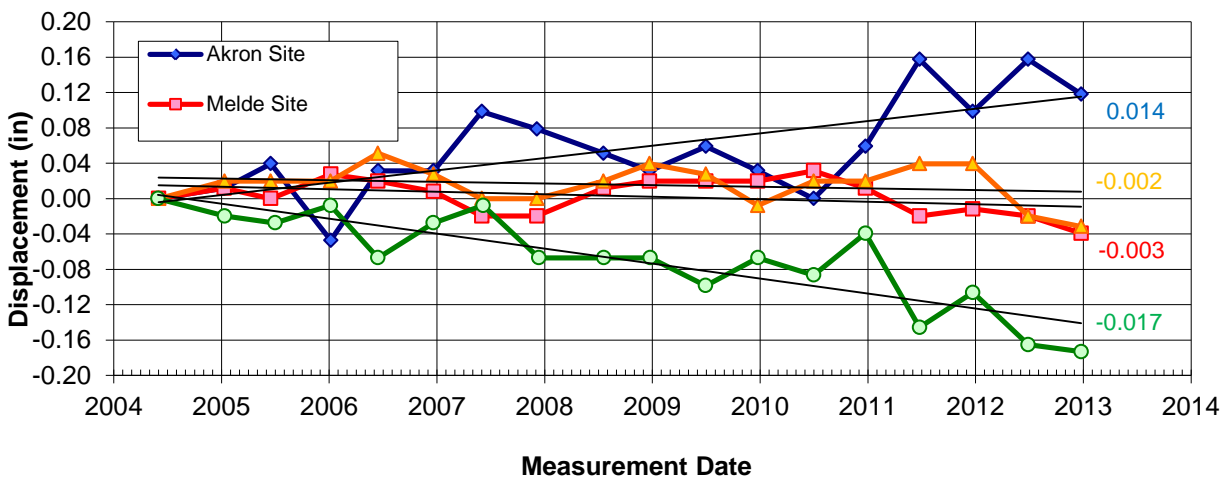


Figure 2. Fault Displacement Over 8½ Year Period

For this year’s analysis with 8½ years of data, we used the calculated movement from the best fit trend lines and compared these estimates of fault growth to the Kiefner stress analysis described in the 2005 ORA Annual Report. Figure 3 shows the amount of movement at each fault that can occur before it exceeds the stress levels allowed by ASME B31.4. The differences

in allowable fault displacements are caused in large part by differences in the angle of the fault movement. The calculated rate of displacement has accelerated and reduced the number of years to reach the allowed displacement from the amount reported in the 2011 ORA Report (Table 6). This decrease is not alarming but does warrant watching, especially for the Hockley fault.

Table 6. Summary of Estimated Allowable Fault Displacement Due to Stresses

	Displacement (in)	Ave. Rate of Movement (in/yr)	Time to Reach Displacement (yrs)
Akron	4.17	0.014	298
Melde	4.13	-0.003	> 1000
Breen	1.50	-0.002	793
Hockley	0.63	-0.017	37

Assumptions used in the analysis included: the stress in the Longhorn Pipeline is below the allowable stress levels of ASME B31.4 at this time; the initial stress in the pipeline is given by ASME B31.4 stress analysis; the soil properties are our best estimate for representative values of properties we could obtain; the fault movement can be represented by linear trend lines fit to the data. On the basis of these assumptions, the analysis in Table 6 shows the amount of time it will take for stress levels to exceed those allowed by ASME B31.4.

Section 6.4 on Aseismic Faulting/Subsidence Hazards of Appendix 9E of the Environmental Assessment⁵ estimated the rates of vertical movement on the order of 0.2 inch per year based on field observations. Actual measurements over the past 8½ years show rates are more than an order of magnitude less than estimates from the EA. Thus one of the original reasons for monitoring these four faults was overly conservative in its estimation of fault movement rates. We continue to believe the time to failure is large enough that semi-annual monitoring is much more often than needed.

Hockley fault monitoring is recommended every 5 years even though the estimated time to failure for the fault is 37 years. Because the accuracy of the fault movement measurements appears to be 0.4 – 0.8 in (1 - 2 mm), several measurements are needed over time to obtain a trend. The other three faults have reinspection times of 300+ years. Such long times to reach a displacement that could result in failure would normally not warrant any monitoring. However, according to the U.S. Geological Survey, September 2005⁴ there are documented cases of fault movement reinitiating, so monitoring every five years for these 3 faults is also appropriate.

Three additional faults have been instrumented for the new lateral connecting the East Houston Terminal and existing Longhorn pipeline. Baseline readings have been taken for the McCarty, Negyev, and Oates faults and fault movement estimates will be reported in subsequent ORAs once enough data has been collected to establish fault movements which are greater than measurement error.

Stream Crossings

There are many stream crossings on the Longhorn system, with all but two needing inspections once every 5 years according to studies generated by LMC 19(b) and covered in the ORA by section 6.3 of the ORAPM. The potential for failure was summarized in Appendix 9E of the original EA. Table 3 identifies two streams which require biannual inspections or after every second standard flood. The Colorado River (Figure 4) and its tributary Pin Oak Creek (Figure 3), were last inspected in July 2012. Results show changes in the High Bank to the Toes on Pin Oak Creek of 4-6 feet and changes between the Toes of the bank of the Colorado River of 7 feet and changes on the west Bank between Toe and High Bank of 4 feet. The other crossings were most recently inspected in 2010 as part of the 5-year Aerial Inspection and have no new data to analyze in 2012.

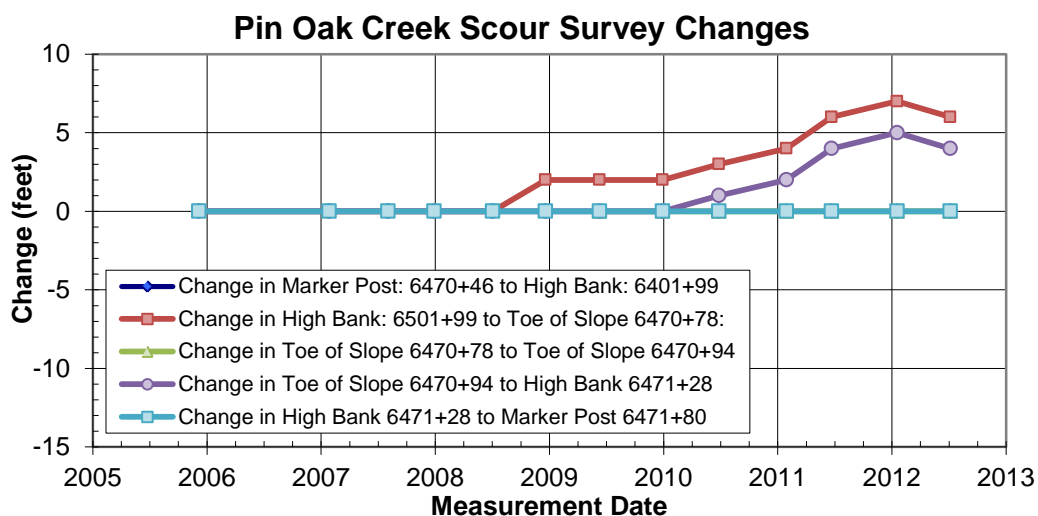


Figure 3. Changes in the Scour Survey of Pin Oak Creek over 6½ Years

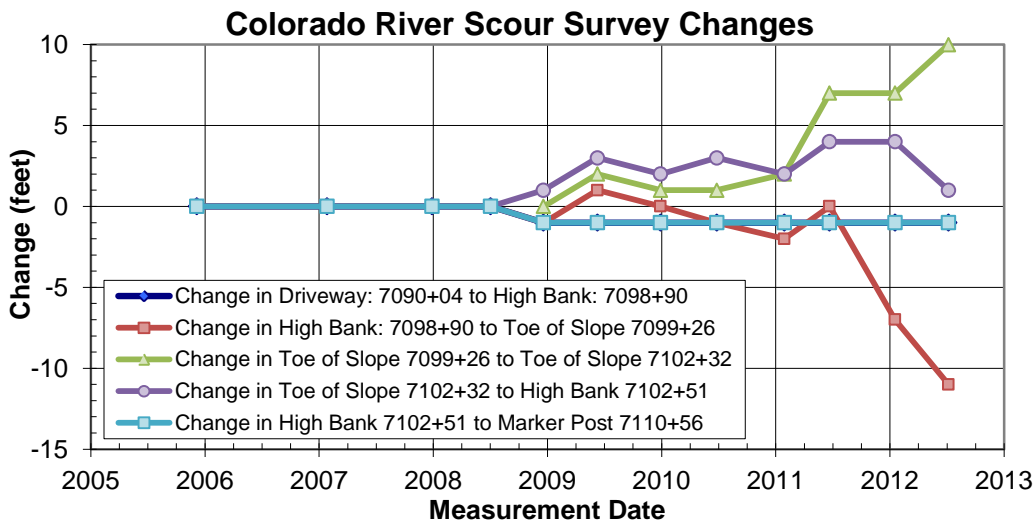


Figure 4. Changes in the Scour Survey of the Colorado River over 6½ Years

These changes in the distance from the High Bank to the Toes of Pin Oak Creek and the distance between the Toes and the distance from the West High Bank to the Toe of the Colorado River are starting to become significant and warrant a survey of the depth of burial of the pipeline below the Toes of the two bodies of water to determine how much depth of cover loss is acceptable.

The Toe is apparently where the bank meets the water and can be affected by whether an upstream dam is open or closed. The measurements have also been affected by recent drought conditions. Such changes can also be an indication of erosion of cover over the pipeline. Because these measurements are showing large changes of 5-10 feet, some other measurement is suggested to determine if erosion is occurring and reducing the cover over the pipeline.

5.5. Third-Party Damage

Section 7 of the ORAPM divides the assessment of TPD prevention into three parts: data review, One-Call violation analysis, and intervention recommendations.

Data Reviewed

The data reviewed included:

- Item 50, Right-of-Way (ROW) Surveillance Data
- Item 51, Third-Party Damage, Near-Misses
- Item 52, Unauthorized ROW Encroachments
- Item 53, TPD Reports on Detected One-Call Violations

- Item 56, Miles of Pipe Inspected by Aerial Survey by Month
- Item 57, Number of Pipeline Signs Installed, Repaired, Replaced by Month
- Item 58, Number of Public Outreach or Educational Meetings
- Item 59, Number of One-Calls by Month by Tier
- Item 60, Public Education and Third-Party Damage Prevention Ads Quarterly
- Item 61, Number of Website Visits to Safety Page by Month
- Item 67, Number of ROW Encroachments by Month
- Item 68, Number of Hits by Month
- Item 71, Annual Third-Party Damage Assessment Report (TPD Annual Assessment)
- Item 72, One-Call Activity Report
- Item 77, Results of ILI for TPD

From the data listed above including an analysis of the 2012 TPD Annual Assessment we conclude:

- There were 3 ROW near-misses reported, one of which was a One-Call Violation.
 - One near-miss involved a third party contractor who failed to wait the required 48 hours prior to executing work within the Longhorn easement (One-Call violation). An incident investigation was conducted on this ROW near-miss which determined that the excavator chose not to comply.
 - The second ROW near-miss was due to a contractor installing temporary fencing for DOT Road Work without a One-Call. However, this work is exempt from the One-Call requirement and no damage occurred.
 - The third ROW near-miss was due to contractor non-compliance during an active One-Call ticket addressing grading for drainage purposes. Magellan personnel had contacted the contractor, completed pipeline locate, adequately marked the pipeline and advised contractor that a Magellan representative must be on location prior to beginning work. The contractor did notify Magellan of readiness to start project but did not wait for representative to arrive on site.
- Regardless of an actual One-Call violation, excavators and/or landowners associated with a ROW Near-Miss are added to the Damage Prevention annual mailing distribution list. There were no other incident investigations involving Third-Party Damage to the pipeline.
- The 2012 TPD Annual Assessment shows an approximate 1 percent decline in unique aerial patrol observations, with a 9 percent drop in third-party activity or non-company aerial-patrol-observations.
- One-Call frequency increased approximately 23-percent and the number of tickets sent to Field Operations for clearing/locating increased by approximately 15 percent.

For further detail see Appendix B, Section 4.11 One-Call Violations and Third-Party Damage Prevention Right-of-Way Surveillance Data.

A Depth of Cover (DOC) Survey was conducted in 2007 and the results were reported in the 2008 TPD Annual Assessment. The 2010 Photo Documentation Areas of Concern survey identified six exposures that were assessed and mitigated in accordance with the LPSIP, Outside Forces Damage Prevention Program. Of the six exposures, three were repaired in 2012. Two were inspected by ground patrol and it was determined that the exposed pipelines are owned by other companies; however the Longhorn line is 75 feet from the washout area and will continue to be monitored through aerial patrol. One location was previously reported to have a concrete cap covering the pipeline and was inspected in 2011 and found to be still covered by concrete with no exposure. Additionally, two new exposures were later identified by other means and repaired in 2012. There was also one previously repaired exposure that was readdressed in 2012 upon aerial patrol identification.

One-Call Violation Analysis

Out of 14,133 One-Calls in 2012, it appears that 12.1-percent required field locates and were potential ROW encroachments. The operator of the pipeline is effectively screening the One-Calls to separate, on the basis of the location, information associated with each "ticket", and the likely encroachments from the "no locates" (One-Call locations that are sufficiently remote from the ROW to assure that no effort is needed to mark the location of the pipeline).

Most One-Call tickets continue to occur in two counties. Harris County accounted for 4,405 (47-percent) of the One-Call tickets. Travis County accounted for 836 (9 percent) of the One-Call tickets. Thus, fully 56 percent of the One-Call notifications on the pipeline occurred in these large metropolitan areas. Clearly, based upon that data, these two areas present the greatest potential for third-party damage. Crane came in third with 559 tickets (6 percent). Although there were no hits to the pipeline, Kiefner agrees with a Magellan recommendation from 2011 that temporary fencing should be used where appropriate for authorized encroachments into the ROW going forward and the Magellan SIP has been updated accordingly.

Figure 5 below shows a flow chart analysis of the One-Calls. Out of 14,133 One-Calls, 3 resulted in third party near-misses; one involved a third-party who chose not to wait the required 48 hours or contact Magellan prior to executing work within the Longhorn easement, resulting in a One-Call violation. Exemptions from using One-Call are allowed if the excavation is shallower than 16 inches and no mechanized equipment is used. Magellan should continue to ensure all relevant data is recorded on the incident data reports, including how the ROW near-misses were detected, to help improve the overall effectiveness of the third-party damage program.

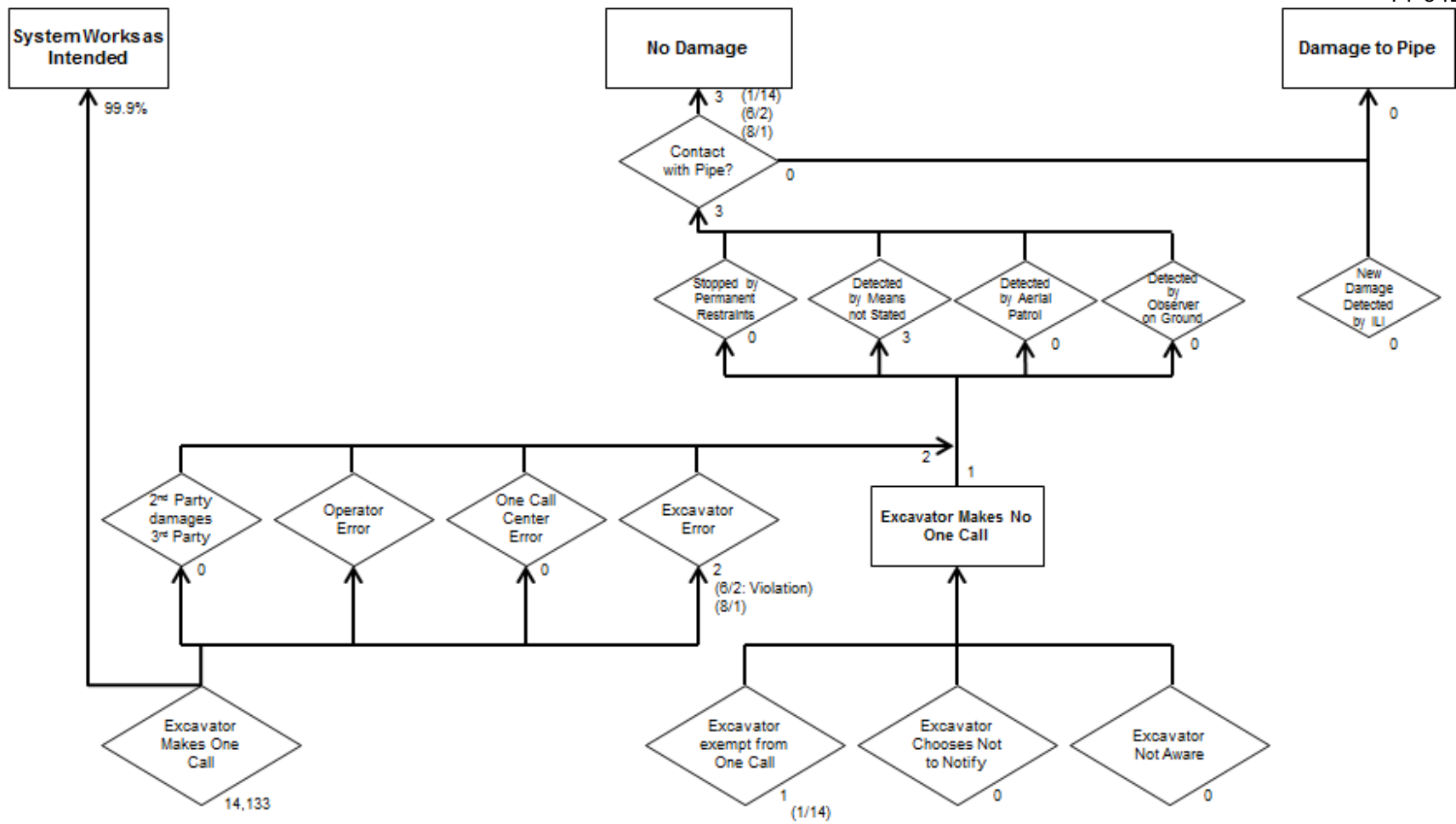


Figure 5. Flow Chart of 2012 One-Calls to the Longhorn System

The LMP commitment on pipeline surveillance as stated in LMP Section 3.5.4 is:

- Tier-II and Tier-III areas: Every 2.5 days, not to exceed 72 hours,
- Tier-I areas: Once a week, not to exceed 12 days, but at least 52 times per year, and
- Edwards Aquifer Recharge Zone: Daily (1 day per week shall be a ground-level patrol).

The data summarized under Item 56, Miles of Pipe Inspected by Aerial Survey by Month for 2012, show that Magellan exceeded these requirements in terms of the total mileage patrolled required in order to meet the minimum requirements.

Intervention Recommendations

Section 7.4.2 of the ORAPM specifies the requirement to run an ILI capable of detecting mechanical damage if three or more One-Call violations occur within a 25 mile interval within a 12 month period. There was only a single One-Call violation during 2012. Therefore, there is no requirement to conduct an additional ILI inspection with a geometry tool at this time.

No additional direct examinations are recommended at this time.

5.6. Stress-Corrosion Cracking

In the 63 years the Existing Pipeline has operated there have been no SCC failures and no SCC has been discovered at any location. However, in accordance with the LMC 19(a) and the 2003 OPS Advisory Bulletin ADM-05-03 "Stress Corrosion Cracking (SCC) Threat to Gas and Hazardous Liquid Pipelines," Longhorn performed investigative digs each year for three years in areas susceptible to SCC.

During the first three years 2005-2007, Longhorn was required to inspect for SCC by selecting specific sites most susceptible to SCC. Subsequent inspection for SCC has continued as a supplemental examination when the pipe is exposed and examined for other reasons such as ILI anomaly excavations.

5.7. Facilities Other than Line Pipe

From the standpoint of facility data acquired for 2012, one can conclude that active non-pipe facilities had no adverse impact on public safety. Facilities are monitored on an annual basis and the results tracked in an electronic database.

ORA Review of LPSIP Facility Integrity Program Results

The LPSIP Mechanical Integrity Program focuses on maintaining the integrity of all equipment within the Longhorn system (e.g., station pumps, tanks, valves, and controls systems). The program includes the following activities:

- Identification and categorization of equipment and instrumentation
- Inspection and testing methods and procedures
- Testing acceptance criteria and documentation of test results
- Maintenance procedures and training of maintenance personnel
- Documentation of specific manufacturer's recommendations.

A Baseline Preventive Maintenance Program has been established under the Mechanical Integrity Program through the use of a software database system called EMPAC (Enterprise Maintenance Planning and Control). The software system establishes a unique inspection and maintenance schedule for major equipment items in the Longhorn system that can be adjusted on the basis of risk level.

An Action Item Tracking and Resolution Initiative (database) provides a method to track mechanical integrity recommendations.

The El Paso Terminal was subjected to two facility safety review inspections addressing 54 items related to safety, security, and environmental compliance. No major problems were identified based on a review of the inspection forms extracted from the database.

Additionally, a Facility Risk Management Program is now in place to manage the risks at above ground facilities.

Seven incident data reports were received during 2012 which involved facilities. None of these was a DOT reportable incident. All were classified as "minor" incidents based on the criteria established in the Longhorn Mitigation Plan.

Integrity Review and Recommendations

The Longhorn facilities maintenance program represents a thorough and comprehensive means of facility inspection and preventive maintenance. Magellan continues its detailed documentation of incidents, facility integrity processes, and reporting of the facility preventive maintenance program.

6. LPSIP TECHNICAL ASSESSMENT

The LMP describes the philosophy of the LPSIP. By this philosophy, Magellan commits to “constructing, operating, and maintaining the Longhorn pipeline assets in a manner that insures the long-term safety to the public, and to its employees, and that minimizes the potential for negative environmental impacts.” The ORAPM provides a method for evaluating the effectiveness of the LPSIP on an annual basis using performance measures from three categories:

- Activity measures – proactive activities aimed at preserving pipeline integrity
- Deterioration measures – evidence of deterioration of pipeline integrity
- Failure measures – occurrences of failures or near failures

The status of each of these measures for 2012 is evaluated below.

Activity Measures

The activity measures are metrics that monitor the surveillance and preventive activities that Magellan has implemented during the period since the preceding ORA. These measures provide indicators of how well Magellan is implementing the various elements of the LPSIP. These measures are:

- Number of miles of pipelines inspected by aerial survey and by ground survey (by pipeline segment) in a 12-month period. Compare to the previous 12-month periods. The goal would be 100-percent of the commitment. Magellan met this commitment in 2012.
- Number of warning or ROW identification signs installed, replaced, or repaired during 12-month period. The metric will be compared to previous Magellan performance. This metric will be used to measure consistent effort by Magellan to protect the ROW and to prevent TPD. There is no “passing grade”, because proper placement and maintenance of signs may lead to fewer signs replaced or repaired in future years, and this decline will not indicate any failing on the part of Magellan. On the other hand, tracking the replacement or repair of signs by pipeline segment may indicate third party vandalism or carelessness in certain segments of the system which could be used as a leading indicator that additional public education might be needed in that region of the pipeline route.
- Number of outreach or training meetings (listed with locations and dates) to educate and train the public and third parties about pipeline safety. This metric will be used to gauge consistent effort by Magellan to educate the public regarding pipeline safety, with the goal of preventing TPD to the pipeline. There is no “passing grade”, although a

comparison of the results of this metric with sign placement, repair and replacement can be used to see if public education is being emphasized in the same geographic region where sign maintenance indicates problems. See Appendix B Item 58 for details.

- Number of calls (sorted by Tier I, Tier II or Tier III) through the One-Call system to mark or flag the Longhorn Pipeline. This will help measure the effectiveness of the One-Call system in preventing TPD. The measure will be compared to previous years of Magellan records. Since this is a metric that is not subject to control by Magellan, there is no “passing grade”. However, this metric can be compared to encroachments allowing an overall measurement of how efficiently the One-Call process is being used.

Table 7. LPSIP Activity Measures

Measure		2005	2006	2007	2008	2009	2010	2011	2012
Miles of pipelines inspected by aerial survey and by ground survey (86,310 mi required)		203,081	197,234	188,884	187,931	181,308	180,045	188,564	188,772
No. of warning or ROW identification signs installed, replaced, or repaired		979	732	237	545*	475*	291	76	66
No. of outreach or training meetings to educate and train the public and third parties about pipeline safety		28	18	25	21	17	22	20	22
No. of calls through the One-Call system to mark or flag Longhorn's pipeline	Tier I	5,402	6,509	6,622	6,791	6,185	5,277	5,757	7,707
	Tier II	6,881	7,874	7,852	7,059	5,840	4,265	4,415	5,354
	Tier III	1,498	1,617	1,653	1,459	1,217	833	918	1,072

* The 2009 Annual Third-Party Damage Prevention Program Assessment lists these numbers for 2008 and 2009 as 536 and 460 respectively

Deterioration Measures

Deterioration measures are metrics that measure maintenance trends to indicate when the integrity of the system could be foreseen as potentially declining despite preventative actions.

Although the ILI runs are not being performed on the same segments from year to year nor is the same inspection tool being used, there is still a discernible trend downward in anomalies found per mile. The number of immediate corrosion anomalies predicted based on the reassessments had dropped to zero when compared to the initial corrosion assessments. This indicates that the excavation program is effective at reducing and actually eliminating the number of significant corrosion anomalies.

POE evaluations show a significant decrease of over an order of magnitude between 2005-2007 when the first in-line inspections for corrosion were performed to 2009-2010 when the second set of in-line inspections for corrosion were performed.

Hydrostatic leaks per mile have not been an indicator of performance because no hydrostatic reinspection tests have been performed for pipeline commissioning purposes.

Table 8. LPSIP Deterioration Measures

Measure		2005	2006	2007	2008	2009	2010	2011	2012
Number of immediate ILI anomalies per mile pigged		0.029	0.0203	0.038	0.004	0	0	0	0
Number of immediate ILI anomalies, per mile pigged, sorted by tier classification.	Tier I	NA	0.0212	0.035	0.006	0	0	0	0
	Tier II	NA	0.0208	NA	NA	0	0	0	0
	Tier III	0.192	NA	0.003	NA	0	0	0	0
Total number of anomalies per hydrotest		NA	NA	NA	NA	NA	NA	NA	NA*
Number of POE Evaluations per mile pigged		1.48	0.54	0.69	0	0.017	0.14	0.035	0.025

* Hydrostatic tests were performed for pipeline commissioning purposes.

Failure Measures

Failure Measures are generated from leak history, incident reports, incident responses, and product loss accounting. These metrics can be used to gauge progress towards fewer spills and improved response, or alternatively to measure deterioration of overall system integrity. These measures are listed below. Response times, volumes, and costs are for DOT reportable leaks.

Table 9. LPSIP Failure Measures

Measure	2005	2006	2007	2008	2009	2010	2011	2012	
Number of leaks (DOT reportable)	2	0	1	3	0	1	2	0	
Average response time in hours for a product release.	Tier I	Immediate	NA	Immediate	Immediate	NA	Immediate	Immediate	NA
	Tier II	NA	NA	NA	NA	NA	NA	NA	NA
	Tier III	NA	NA	NA	NA	NA	NA	NA	NA
Average product volume released per incident	Tier I	5.7 bbls	0	5.7 bbls	0.4 bbls	0	0.4 bbls	1.2 bbls	NA
	Tier II	0	0	0	0	0	0	0	NA
	Tier III	0	0	0	0	0	0	0	NA
Total product vol. released in the 12-month period	Tier I	17 bbls	0	5.7 bbls	1.3 bbls	0	0.4 bbls	2.5 bbls	NA
	Tier II	0	0	0	0	0	0	0	NA
	Tier III	0	0	0	0	0	0	0	NA
Cleanup cost totals per year	< \$100k	\$0	< \$200k	< \$150k	0	< \$50k	< \$50k	NA	
Cleanup cost per incident	< \$35k	NA	< \$200k	< \$50k	0	< \$50k	< \$25k	NA	
Reports from aerial surveys or ground surveys of encroachments into the pipeline ROW without proper One-Call	1	0	1	3	3	1	1	2	
Number of known physical hits (contacts with pipeline) by third-party activities	0	0	0	0	0	0	2	0	
Number of near-misses to the pipeline by third parties	7	1	7	5	6	2	4	3	
Number of service interruptions	115	165	155	74	16*	17	9	8	

* Service interruptions counting changed between 2008 and 2009. In 2005-2008 service interruptions included all system stoppages including those related to business reasons, such as lack of throughput. In 2009-2010 service interruptions only includes stoppages related to safety.

7. INTEGRATION OF INTERVENTION REQUIREMENTS AND RECOMMENDATIONS

Integration of Primary Line Pipe Inspection Requirements

Section 11 of the ORA Process Manual specifies integration of primary line pipe inspection requirements addressing corrosion, fatigue-cracking, lamination/H₂S blistering, TPD, and earth movement. Magellan has four remediation commitments for using ILI for the pipeline, LMC 10, LMC 11, LMC 12, and LMC 12A. These commitments required Magellan to use an MFL tool for corrosion inspection in the first three months of operation, a TFI tool for seam inspection (which includes hook cracks and seam corrosion) within the first three years of operation, a UT wall measurement tool within the first five years of operation for inspection of laminations and blisters, and a geometry inspection tool (deformation tool) at least every three years for inspection of TPD to the pipe. Future inspection requirements are based on reassessment intervals set by the ORAPM with the additional requirement that smart geometry tools must be run at least every three years.

There is overlap in anomaly detection capabilities of the various commercially available ILI tools and considerable variability in vendor availability and cost. As each cycle of the ORA is performed, additional data will become available not only from ILI tools, but also from routine maintenance reports and ILI anomaly investigation reports. This data will be integrated by the ORA process on a continuing basis to minimize the level of risk to the pipeline system integrity from each of the identified failure modes. To maintain and further reduce risk where possible, the ORA will identify and recommend the most appropriate ILI technology to obtain the necessary additional information. The use of one ILI tool technology may satisfy multiple inspection requirements for a pipe segment.

The tools Magellan has committed to use have multiple capabilities. The tools specified in Longhorn Mitigation Plan Commitments 10, 11, 12, and 12A have specified uses; however these tools also have other capabilities to address the threats outlined in the ORA. Longhorn had committed to run the MFL primarily for assessing corrosion metal-loss but the tool has secondary uses such as detecting mechanical damage and detecting indications of hydrogen blisters. Longhorn had committed to run the TFI for inspecting the long seam for anomalies and axial cracking in the pipe body. The TFI tool is also capable of detecting metal loss anomalies and mechanical damage. Longhorn had committed to run the UT tool for inspecting laminations and blisters. The UT tool can also characterize corrosion and has capabilities for detecting mechanical damage. Geometry tools are used for detecting and sizing deformation anomalies such as dents, buckles, blisters, and ovalities. The ORA directs integration of the use

of these technologies to avoid duplication of effort, and to maximize the effectiveness of activities that are required by the ORAPM or recommended by the ORA Contractor.

Table 10a and Table 10b are a compilation of the tools run to date, and required reassessments as specified by the ORAPM. Reinspection requirements for pressure-cycle-fatigue crack growth reinspection intervals were based on the analysis performed in section 5.1 of this report. All other reinspection requirements have not changed from the 2011 ORA. Earth movement, the fifth component for threat integration, is not included in Table 10a or 10b because it is currently addressed using surface surveys rather than ILI technology.

Table 10a. Existing ILI Runs and Planned Future Inspections

	Tool	Date of Tool Run	Threats Addressed			
			Corrosion	Pressure-Cycle Induced Fatigue	Laminations and Hydrogen Blisters	Third-Party Damage
East Houston to Satsuma MP 0 to MP 34.1	Deformation	10-Jun-04				X
	HRMFL *	28-Oct-04	X			X
	HRMFL **	14-Dec-05	X			X
	TFI	6-Jul-07	‡	X		X
	Deformation	5-Oct-07				X
	Deformation	11-Sep-09				X
	UT	22-Sep-09	X		X	X
	Deformation	7-June-12				X
	Next Required Assessment			22-Sep-14	2223	22-Sep-14
Satsuma to Warda MP 34.1 to MP 112.9	HRMFL/Deformation	21-May-06	X			X
	Deformation	15-Dec-07				X
	TFI	20-Dec-07	‡	X		X
	Deformation	12-Oct-09				X
	UT	24-Nov-09	X		X	X
	Deformation	7-Jun-12				X
	Next Required Assessment			24-Nov-14	2067	24-Nov-14
Warda to Cedar Valley MP 112.9 to MP 181.6	HRMFL/Deformation	21-Jul-06	X			X
	TFI	19-Sep-07	‡	X		X
	Deformation	16-Oct-07				X
	Deformation	16-Dec-09				X
	UT	24-Jan-10	X		X	X
	Deformation	9-Jun-12				X
	Next Required Assessment			24-Jan-15	2185	24-Jan-15
Cedar Valley to Eckert MP 181.6 to MP 227.9	HRMFL/Deformation	15-Feb-07	X			X
	TFI	22-Mar-07	‡	X		
	Deformation	25-Jan-10				X
	UT	20-Feb-10	X		X	X
	Deformation	15-Jun-12				X
	Next Required Assessment			20-Feb-15	2070	20-Feb-15

* The MFL tool run in Oct-04 was not a complete run

** The MFL tool run in Dec-05 was used to complete the Oct-04 MFL run

‡ The TFI was used to remediate Phase I and Phase II corrosion anomalies and in some cases was used to remediate POE anomalies, but was not used to set the next corrosion reassessment using the POE process.

Table 10b. Existing ILI Runs and Planned Future Inspections

	Tool	Date of Tool Run	Threats Addressed			
			Corrosion	Pressure-cycle Induced Fatigue	Laminations and Hydrogen Blisters	Third-Party Damage
Eckert to Ft McKavett MP 227.9 to MP 321.9	HRMFL/Deformation	19-Dec-06	X			X
	TFI	9-Nov-07	‡	X		X
	Deformation	23-Jan-08				X
	Deformation	27-Mar-10				X
	UT	25-Jun-10	X		X	X
	Deformation	17-Jun-12				X
	Next Required Assessment			25-Jun-15	2059	25-Jun-15
Ft. McKavett to Crane MP 321.9 to MP 457.5	HRMFL/Deformation	12-Oct-06	X			X
	Deformation	21-Dec-07				X
	TFI	8-Jan-08	‡	X		X
	UT	8-Jul-10	X		X	X
	Deformation	5-Aug-10				X
	Deformation	1-Jul-12				X
	Next Required Assessment			8-Jul-15	2223	8-Jul-15
Crane to Cottonwood MP 457.5 to MP 576.3	Deformation	2-May-07				X
	HRMFL/Deformation	21-Nov-08	X			X
	Next Required Assessment			21-Nov-13	2223	21-Nov-13
Cottonwood to El Paso MP 576.3 to MP 694.4	Deformation	2-May-07				X
	HRMFL/Deformation	27-Mar-08	X			X
	HRMFL/Deformation	19-May-12	X			X
	Next Required Assessment			19-May-17	2223	19-May-17
Crane to Odessa	HRMFL/Deformation	4-Nov-06	X			X
	HRMFL/Deformation	7-Mar-07	X			X
	HRMFL/Deformation	28-Jun-11	X			X
	Next Required Assessment			28-Jun-16	2223	28-Jun-16
El Paso to Chevron 8" MP 0.0 to 9.4	HRMFL/Deformation	6-Mar-07	X			X
	HRMFL/Deformation	23-Feb-12	X			X
	Next Required Assessment			23-Feb-17	2223	23-Feb-17

	Tool	Date of Tool Run	Threats Addressed			
			Corrosion	Pressure-cycle Induced Fatigue	Laminations and Hydrogen Blisters	Third-Party Damage
Kinder Morgan 8" Flush Line	HRMFL/Deformation	6-Mar-07	X			X
	HRMFL/Deformation	21-Feb-12	X			X
	<i>Next Required Assessment</i>		<i>21-Feb-17</i>	<i>2223</i>		<i>21-Feb-17</i>
El Paso to Kinder Morgan 12" MP 0.0 to 9.4	HRMFL/Deformation	7-Mar-07	X			X
	HRMFL/Deformation	22-Feb-12	X			X
	<i>Next Required Assessment</i>		<i>22-Feb-17</i>	<i>2223</i>		<i>22-Feb-17</i>

Integration of DOT HCA and TRRC Inspection Requirements

It is necessary for Magellan to be compliant with the DOT Integrity Management Rule, 49 CFR 195.452, for HCAs and the Texas Railroad Commission (TRRC) inspection requirements in 16 TAC §8.101 in addition to meeting the requirements in the LMP. The pipeline from Galena Park to El Paso is under DOT jurisdiction as well as the four laterals connecting El Paso to Diamond Junction. Only the section from Ft. McKavett to Crane (MP 312.9 to MP 457.5) does not contain any HCAs. The TRRC requirements apply only to the 8-inch lateral from Crane to Odessa.

The HCA rule states that an operator must establish five-year intervals, not to exceed 68 months, for continually assessing the pipeline's integrity. An operator must base the assessment intervals on the risk the line pipe poses to the HCA to determine the priority for assessing the pipe. At this time, corrosion has proven to be the higher priority risk of the five threats to the pipeline integrity. Because of the requirements of the LMP and the multiple capabilities of each of the required tools, the HCA line pipe between Galena Park and Crane has been inspected in intervals of less than five years. The HCA requirement will continue to be integrated into the ILI requirements as additional tool runs are completed to ensure the required five-year interval is not exceeded.

LMC 12A requires a "smart geometry" tool to be run every three years between Valve J-1 and Crane. For the three new pipeline extensions the HCA requirement (49 CFR 195.452) requires the smart geometry tool to run every five years. The risk for mechanical damage in these intervals is less because the pipeline is buried at least 30 inches deep where the Existing Pipeline upstream of Crane is often much shallower because this 30-inch depth of burial was not required at the time the pipeline was built.

The TRRC integrity rule requires that Magellan choose either a risk-based analysis or a prescriptive plan to manage the integrity of the 8-inch lateral from Crane to Odessa. An MFL-

Deformation combination tool run was completed on March 7, 2007 and re-run June 28, 2011 with 3 digs being completed in 2012. The reinspection for mechanical damage in this interval was set to five years as required in the TRRC integrity rule using the same logic as expressed in the HCA requirement above.

Pipe Replacement Schedule

Pipe Replacements required by Lower Colorado River Authority (LCRA) Settlement

Longhorn had committed to replace five segments constituting approximately “6 miles of the Existing Pipeline in the Pedernales River watershed that is characterized as having time for a spill to travel to Lake Travis of 8 hours or less.” The segments are defined in the LMP as follows:

- Segment 1, approximately 8,836 feet extending from Engineering Station Number (ESN) 9968+64 to ESN 10057+00
- Segment 2, approximately 3,500 feet extending from ESN 10107+00 to ESN 10142+00
- Segment 3, approximately 3,000 feet extending from ESN 10179+00 to ESN 10209+00
- Segment 4, approximately 10,000 feet extending from ESN 10275+00 to ESN 10375+00
- Segment 5, approximately 5,000 feet extending from ESN 10459+00 to ESN 10509+00.

Final tie in points were refined in the field and agreed to by Magellan and LCRA. The commitment called for installing new 18-inch-OD, 0.375-inch-wall, API 5L Grade X65 line pipe in these segments except in areas where a replacement of the 1950 pipe material has already been made. The replacement corresponding to Segment 5 was completed prior to startup (prior to June 10, 2002). Replacements of the other four segments were completed in 2011. These replacements were required to mitigate potential threats including outside force damage, corrosion, material defects, and operator error.

Other Pipe Replacements

A number of pipe replacements were completed due to the results of ILI digs. They were additional pipe replacements completed on February 4, 2012 due to a road installation at MP 43.

8. RECOMMENDED IMPROVEMENTS TO THE ORA PROCESS

Table 11. Summary of 2012 Recommendations

Topic	Recommendation	ORA Ref Page
Hydrogen Blistering	With the conversion of the pipeline back to crude oil service and the reintroduction of hydrogen sulfide, monitoring of the laminations anomalies for the possibility of blister growth with ILI tools is recommended per the EA of the proposed Longhorn Pipeline Reversal Section 6.2.1.2. These inspections should be coordinated with ILI runs for corrosion and mechanical damage.	17
Aseismic faults	We continue to recommended than monitoring for faults be changed from 2 times per year to every 5 years because fault movements are more than an order of magnitude smaller than anticipated in the EA	18
Stream Monitoring	Recorded changes in the distance from the High Bank to the Toes of Pin Oak Creek and the Colorado River warrant a survey of depth of burial of the pipeline near the toes of the banks of these two bodies of water.	21

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3. Kiefner, J. F., Kolovich, C. E., Zelenak, P. A., and Wahjudi, T. F., "Estimating Fatigue Life for Pipeline Integrity Management", Paper No. IPC04-0167, Proceedings of IPC 2004 International Pipeline Conference, Calgary, Alberta, Canada (October 4-8, 2004).
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5. Environmental Assessment, Appendix 9E, Longhorn Mitigation Plan Mandated Studies Summaries.

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APPENDIX A: MITIGATION COMMITMENTS

Longhorn Mitigation Commitments (LMCs)			
No.	Description	Timing of Implementation	Risk(s) Addressed
10	Longhorn shall, following the use of sizing and (where appropriate) geometry tools, perform an in-line inspection of the existing pipeline (Valve J-1 to Crane) with a transverse field magnetic flux inspection (TFI) tool and remediate any problems identified. See the Longhorn Pipeline System Integrity Plan at Sec. 3.5.2 and the associated Operational Reliability Assessment at Sec. 4.0.	At such intervals as are established by the Operational Reliability Assessment, provided that an inspection shall be performed no more than 3 years after system startup in Tier II and III areas	Material Defects, Corrosion, Outside Force Damage, and Previous Defects
11	Longhorn shall, following the use of sizing and (where appropriate) geometry tools, perform an in-line inspection of the existing pipeline (Valve J-1 to Crane) with a high resolution magnetic flux leakage (MFL) tool and remediate any problems identified. Until Mitigation Item 11 has been completed, an interim MOP (MOPI) shall be established for the existing pipeline at a pressure equal to 0.88 times the MOP. (NOTE: 1.25 times the MOPI is equal to the Proof Test Pressure discussed in Mitigation Item 2 above). See the Longhorn Pipeline System Integrity Plan at Sec. 3.5.2 and the associated Operational Reliability Assessment at Sec. 4.0.	Within 3 months of startup and thereafter at such intervals as are established by the Operational Reliability Assessment	Corrosion, Outside Force Damage and Previous Defects
12	Longhorn shall, following the use of sizing and (where appropriate) geometry tools, perform an in-line inspection of the existing pipeline (Valve J-1 to Crane) with an ultrasonic wall measurement tool and remediate any problems identified. See the Longhorn Pipeline System Integrity Plan at sec. 3.5.2 and the associated Operational Reliability Assessment at Sec. 4.0.	At such intervals as are established by the Operational Reliability Assessment, provided that an inspection shall be performed no more than 5 years after system startup	Corrosion, Material Defects, Outside Force Damage, and Previous Defects
12A	Longhorn shall perform an in-line inspection of the existing pipeline (Valve J-1 to Crane) with a "smart" geometry inspection tool and remediate any problems identified. See the Longhorn Pipeline System Integrity Plan at Sec. 3.5.2 and the associated Operational Reliability Assessment at Sec. 4.0.	At such intervals as are established by the Operational Reliability Assessment, provided that no more than 3 years shall pass without an in-line inspection being performed using an inspection tool capable of detecting third-party damage (e.g. TFI, MFL, or geometry)	Outside Force Damage

Longhorn Mitigation Commitments (LMCs)			
No.	Description	Timing of Implementation	Risk(s) Addressed
19	Longhorn has performed studies evaluating each of the following matters along the pipeline, and shall implement the recommendations of such studies (See Mitigation Appendix, Item 19):	Prior to startup	Outside Force Damage, Corrosion, and Material Defects
	(a) Stress corrosion cracking potential.		Outside Force Damage and Corrosion
	(b) Scour, erosion and flood potential.		Outside Force Damage
	(c) Seismic activity.		Outside Force Damage
	(d) Ground movement, subsidence and aseismic faulting.		Outside Force Damage
	(e) Landslide potential.		Outside Force Damage
	(f) Soil stress.		Outside Force Damage
	(g) Root cause analysis on all historical leaks and repairs.		Outside Force Damage, Corrosion, Material Defects, and Operator Error
20	Longhorn shall increase the frequency of patrols in hypersensitive and sensitive areas to every two and one half days, daily in the Edwards Aquifer area, and weekly in all other areas. See the Longhorn Pipeline System Integrity Plan, Section 3.5.4.	Continuously after startup	Outside Force Damage, Corrosion, Material Defects, Leak Detection and Control
25	Longhorn shall develop enhanced public education/damage prevention programs to, inter alia, (a) ensure awareness among contractors and potentially affected public, (b) promote cooperation in protecting the pipeline and (c) to provide information to potentially affected communities with regard to detection of and responses to well water contamination. See the Longhorn Pipeline System Integrity Plan, section 3.5.4. See Mitigation Appendix, Item 25. (This item has been superseded in large part by API RP 1162.)	Continuously after startup	Outside Force Damage, Leak Detection and Control
Appendix Item 3	Longhorn will replace approximately six miles of existing pipeline in the Pedernales River watershed that is characterized as having a time of travel for a spill from Lake Travis of eight hours or less.	Segment 5 crossing the Pedernales River will be completed prior to the date of pipeline startup. Segments 1 through 4 will be replaced as determined by the System Integrity Plan and Operational Reliability Assessment, but in any case no later than seven years from the startup date.	Outside force damage

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APPENDIX B: NEW DATA USED IN THIS ANALYSIS

This Appendix describes new data used in the analysis for this ORA Annual Report. It is divided into 16 sections specified in the ORA Report Outline from the ORAPM. In addition the ORA Process Manual identifies 78 items consisting of data, data logs, and reports the ORA contractor must review and consider to evaluate the effectiveness of the LPSIP and to assess whether or not Magellan is meeting the commitments of the LMP. A list of these 78 items is contained in Appendix B in the ORAPM. Each of the 78 data items is included under the appropriate ORA Report Data Sections described above.

4.1. Pipeline/Facilities Data

Mainline (Items 3, 7, 8, 9, 10, 11, and 12)

No new data.

Pump Stations (Item 15)

No new data.

Tier Classifications and HCAs (Items 1 and 2)

No new data.

Charpy V-Notch Impact Energy Data (Item 14)

No new data.

Mill Inspection Defect Detection Threshold (Item 13)

No new data.

4.2. Operating Pressure Data

For Items 21, 22, and 23, Kiefner received pressure and flow data for Galena Park, East Houston, Satsuma, Cedar Valley, Kimble County, Crane, and El Paso Pump Stations. The data is collected in 1-minute intervals and sent on a monthly basis. Data has been received for pressure cycles since September 17, 2004.

4.3. ILI Inspection and Anomaly Investigation Reports

ILI Inspection Reports (Items 39, 40, 41, 44, 45 and 47)

Data was received from the following maintenance reports for cut-outs completed in 2012.

Table B-1a. Remediations per Maintenance Reports Completed in 2012

Line Segment	20" Galena Park to Satsuma	18" Satsuma to Warda	18" Warda to Cedar Valley	18" Cedar Valley to Eckert	18" Eckert to Ft McKavett	18" Ft McKavett to Crane
ILI Date		11/24/2009	1/24/2010	2/20/2010	6/25/10	8/5/10
Maintenance Report	Yes	Yes	Yes	Yes		Yes
Tier 1	0	10	2	1		4
Tier 2	1	0	4	3		0
Tier 3	2	0	0	0		0
Total Digs	3	10	6	4		4
HCA	3	1	4	0		0
Non-HCA	0	9	2	4		4

Table B-1b. Anomalies Called that were Excavated in the Above Remediations

ILI Anomaly Called	Number of Anomalies Addressed	20" Galena Park to Satsuma	Satsuma to Warda	Warda to Cedar Valley	Cedar Valley to Eckert	Eckert to Ft McKavett	Ft McKavett to Crane
Ext Metal Loss	15	3	6	5	0	1	0
Int Metal Loss	4	0	3	1	0	0	0
Lamination Intermittent	0	0	0	0	0	0	0
Lamination Intermittent Associated With Metal Loss	0	0	0	0	0	0	0
Lamination Sloping	1	0	0	0	0	0	1
Lamination Variable Depth	0	0	0	0	0	0	0
Lamination Bulging	0	0	0	0	0	0	0
Lamination Bulging Intermittent	2	0	0	1	0	1	0
Lamination	0	0	0	0	0	0	0
ID Reduction - Sharp - Dent on Weld	0	0	0	0	0	0	0
ID Reduction L<1.5D	0	0	0	0	0	0	0
ID Reduction L>1.5D	0	0	0	0	0	0	0
ID Reduction on Weld	0	0	0	0	0	0	0
ID Reduction	0	0	0	0	0	0	0
Geometric Anomaly Associated With Metal Loss	0	0	0	0	0	0	0
Area Of Bulge	0	0	0	0	0	0	0
Surface Irregularity	0	0	0	0	0	0	0
Weld Irregularity	0	0	0	0	0	0	0
Ext Metal Loss Associated With Brc Dent	0	0	0	0	0	0	0
Ext Metal Loss Associated With Lamination	0	0	0	0	0	0	0
Ext Metal Loss Crosses Girth Weld	0	0	0	0	0	0	0
Ext Metal Loss Crosses Long Seam	0	0	0	0	0	0	0
TOTAL	22	3	9	7	2	0	1

Results of ILI for TPD between J-1 and Crane (Item 77)

See above.

Results of Ultrasonic ILI for Laminations and Blisters between J-1 and Crane (Item 78)

Based on the 2012 excavation reports, no confirmed blisters have been found on the original Longhorn segments. The maintenance reports classified the laminations as mid-wall without reference to separation.

4.4. Hydrostatic Testing Reports

The following is a list of hydrotests performed on replacement pipe during 2012.

Date	Location
2/4/2012	Grand Parkway Relocation, Satsuma
7/9/2012	Longhorn 6645
7/10/2012	Crane / Odessa
9/11/2012	Warda Station Pre-test
10/2/2012	LHMP217 CV-7
10/2/2012	LHMP217 CV-7
10/6/2012	LHMP212 CV-6; LHMP139 CV-8; LHMP136 SE-7
10/10/2012	Satsuma Station
10/16/2012	LHMP148 CV-9; SE-2; SE-6
10/19/2012	James River
10/24/2012	Buckhorn Site
10/25/2012	Eckert Pump Station
10/25/2012	LHMP64 SE-3; LHMP194 CV-10; LHMP203 CV-5
11/1/2012	LHMP200 CV-4; LHMP198 SE-11; LHMP199 SE-12
11/2/2012	Warda Station
11/5/2012	Eckert 6" Surge Line Piping
11/8/2012	Bastrop
11/9/2012	LHMP21 GS-6
11/21/2012	LHMP342 CV-15; LMMP347 CV-16; LHMP281 CV-12; LHMP192 SE-10A
11/28/2012	Barhart
12/5/2012	Texon
12/6/2012	Kimble Station
12/6/2012	McKavett Station
12/10/2012	LHMP325 CV-14
12/13/2012	LHMP283 CV-13
12/17/2012	LHMP277 SE-17

Hydrostatic Leaks and Ruptures (Item 75)

No leaks or ruptures occurred during the hydrotests.

4.5. Corrosion Management Surveys and Reports

Corrosion Control Survey Data (Item 24)

Corrosion Control Survey data was received from Magellan covering 2012.

TFI MFL ILI Investigations (L and d Results) (Item 35)

See section 4.3 above.

External Corrosion Growth Rate Data (Item 36)

No new data was obtained.

Internal Corrosion Coupon Results (Item 37)

Internal corrosion coupon reports were reviewed at 4 locations for the 2012 annual report. Four lines were sampled with coupons placed in the 8-inch Odessa lateral at Crane, the 8-inch Plains lateral at El Paso, the 18-inch main line at El Paso, and the 20-inch Galena Park to East Houston line at East Houston.

Table B-2a. Internal Corrosion Coupon Results 8-inch Odessa Lateral at Crane Station, Coupon # AX0077

Inserted	Removed	Exposure (days)	Rate (MPY)	Portion of Test Surface Rusted	Under Holder Attack	Comments
12/31/2011	4/30/2012	121	0.00	None	None	
4/30/2012	8/31/2012	Coupon left out to atmosphere during construction.				
8/31/2012	12/31/2012	Coupon not installed location out of service due to construction.				

Table B-2b. Internal Corrosion Coupon Results 8-inch Plains Lateral at El Paso Terminal, Coupon # AX0075

Inserted	Removed	Exposure (days)	Rate (MPY)	Portion of Test Surface Rusted	Under Holder Attack	Comments
12/30/2011	5/1/2012	123	0.00	None	None	
5/01/2012	8/31/2012	122	0.00	None		
8/31/2012	12/31/2012	122	0.00	5 to 25%	Medium	

Table B-2c. Internal Corrosion Coupon Results 18-inch Main Line at El Paso Terminal, Coupon # AX0076

Inserted	Removed	Exposure (days)	Rate (MPY)	Portion of Test Surface Rusted	Under Holder Attack	Comments
12/30/2011	5/1/2012	123	0.00	None	None	
05/01/2012	08/31/2012	122	0.00	None		
08/31/2012	12/31/2012	122	0.02	5 to 25%	None	

Table B-2d. Internal Corrosion Coupon Results 20-inch Galena Park (6645) at Houston Terminal, Coupon # R3649

Inserted	Removed	Exposure (days)	Rate (MPY)	Portion of Test Surface Rusted	Under Holder Attack	Comments
12/30/2011	3/14/2012	75	0.00	None	None	
04/30/2012	09/05/2012	128	0.00	<5%		
09/05/2012	12/31/2012	Coupon not installed location out of service due to construction.				

Line Pipe Anomalies/Repairs (Item 43)

See section 4.3 above.

All ILI Metal Loss and Deformation Related to Line Pipe Anomalies (Item 44)

See section 4.3 above.

All ILI Pipe Wall Deformation, Out-of-Roundness, 3D Location Related to the Threat of Third-Party Damage (Item 45)

See section 4.3 above.

Number of Anomalies Measured by ILI, by Tier and by DOT Repair Conditions Based on the Annual Assessment of the LPSIP (Item 74)

See section 4.3 above.

4.6. Fault Movement Surveys and Natural Disaster Reports Pipeline Maintenance Reports at Fault Crossings (Item 30)

No maintenance reports were received covering the fault crossings in 2012.

Periodic Fault Benchmark Elevation Data (Item 31)

Semi-Annual Fault Displacement Monitoring was performed June 27, 2012 and December 24, 2012 which covers semi-annual fault measurements at the four fault monitoring sites since

inception in mid-2004 through December 2012. In addition three additional fault monitoring locations were installed on the new East Houston Loop for faults McCarty, Negyev, and Oates.

Pipeline Maintenance Reports for Stream Crossings (no item number)

Scour reports were received for the two stream crossings, the Colorado River and its tributary Pin Oak Creek, which were last monitored July 2012.

Flood Monitoring (no item number)

Flood monitoring spreadsheets were received for Colorado River, Pin Oak Creek, and the Pedernales River. None of these rivers exceeded flood stage in 2012.

4.7. Maintenance and Inspection Reports

Depth-of-Cover Surveys (Items 19 and 27)

The 2010 Photo Documentation Areas of Concern survey identified six exposures that were assessed and mitigated in accordance with the SIP, Outside Forces Damage Prevention Program. Of the six exposures, three were repaired in 2012. Two were inspected by ground patrol and it was determined that the exposed pipelines are owned by other companies; however the Longhorn line is 75 feet from the washout area and will continue to be monitored through aerial patrol. One location was previously reported to have a concrete cap covering the pipeline and was inspected in 2011 and found to be still covered by concrete with no exposure. Additionally, two new exposures were later identified by other means and repaired in 2012. There was also one previously repaired exposure that was readdressed in 2012 upon aerial patrol identification.

No new surveys were made in 2012.

Seam Anomaly/Repair Reports Related to Fatigue Cracking of EFW and ERW Welds, and Seam Anomalies (Items 33 and 34)

None found.

Mechanical Integrity Inspection Reports (Item 46)

None found.

Mechanical Integrity Evaluations (Item 47)

None found.

Facility Inspection and Compliance Audits (Item 48)

Comprehensive inspections of each facility are made by Magellan personnel using a detailed check list called a Facility Safety Review Form. The multi-page form contains 10 sections, each with a list of items to check with spaces for indicating yes or no regarding whether or not a given point or item met the standard set by company policies or procedures. Spaces are also provided for action items to bring the item into compliance. The topics covered include:

1. Posting of Notices, Signs, and Posters
2. Exits
3. Ladders
4. Hand Held Tools; Fixed Machinery; and Equipment
5. Electrical/Lighting
6. Vehicles and Equipment
7. Flammable Liquids Storage
8. Compressed Gas Cylinders
9. Pump Rooms
10. Miscellaneous

Two facility safety reviews were conducted during 2012; both were for the El Paso Terminal.

Maintenance Progress Reports (Item 73)

A computerized mechanical integrity/preventive maintenance system was implemented in 2007 and all DOT station inspections were scheduled utilizing this system. Maintenance was tracked according to the schedule at hourly, weekly, monthly, quarterly, semi-annual, tri-annual, and annual intervals.

4.8. Project Work Progress and Quality-Control Reports

Access to Action Item Tracking and Resolution Initiative Database (Item 49)

Table B-3. Number and Status of Action Items per Month for 2012

Action Items	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total
New	0	0	1	0	0	0	0	0	0	0	0	0	1
Closed	0	0	1	0	0	0	0	0	0	0	0	0	1
Open at End of Month	1*	1	1	1	1	1	1	1	1	1	1	1	

*1 item from 2011

4.9. Significant Operational Changes

Number of Service Interruptions per Month (Item 70)

Table B-4. Service Interruptions per Month for 2012

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total*
No./Month	0	0	0	0	0	0	2	0	1	0	4	1	8

* From the Daily Ops Report ending Dec 31.

4.10. Incorrect Operations and Near-Miss Reports

Incorrect operations were documented in internal incident data reports of minor incidents.

There were three ROW near-misses reported in 2012 as part of the TPD Annual Assessment. One was classified as a One-Call Violation and further investigated.

4.11. One-Call Violations and Third-Party Damage Prevention Data Right-of-Way (ROW) Surveillance Data (Item 50)

A complete log of aerial and ground surveillance data is maintained by Magellan and received by Kiefner monthly. Each entry on the log represents a report of an observation by the pilot that represents or could represent the encroachment of a party on the ROW with the potential to cause damage to the pipeline. The observations range in significance from observations that turn out to have no impact on the ROW to those that could result in damage to the pipeline without intervention on the part of the pipeline operator. Each observation on the log is identified by location (milepost and GPS coordinates), by date of first observation, and whether the activity is an emergency or non-emergency observation. A brief description of the observation is recorded, and the action to be taken is recorded as well.

The number of One-Call violations is also summarized as part of the TPD Annual Assessment. In 2012 there was a single One-Call violation, the same as 2011.

Third-Party Damage (TPD), Near-Misses (Item 51)

There were 3 ROW near-misses in 2012. These were taken from the 2012 TPD Annual Assessment and Incident Reports. Tier location was determined by comparing the location to pipeline strip maps.

Table B-5. Number of Third-party Damage Near-Misses for 2012

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Tier 1	1	0	0	0	0	1	0	0	0	0	1	0	3
Tier 2	0	0	0	0	0	0	0	0	0	0	0	0	0
Tier 3	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	1	0	0	0	0	1	0	0	0	0	1	0	3

Unauthorized ROW Encroachments (Item 52)

There were two unauthorized encroachments in 2012, one in a Tier 1 and the other in a Tier 2.

TPD Reports on Detected One-Call Violations (Item 53)

One-Call violations are defined on a state-by-state basis. For the Longhorn ORA they are defined by the Texas Underground Facility Damage Prevention and Safety Act as referenced in the 2012 TPD Annual Assessment. In 2012, there was one One-Call violation in June at MP 409.16 which was considered a ROW near-miss where the third party did not wait the required 48 hours or contact Magellan prior to executing work within the Longhorn easement.

TPD Reports on Changes in Population Activity Levels, Land Use and Heavy Construction Activities (Item 54)

The 2012 TPD Annual Assessment shows a nine percent drop in non-company activity level from unique aerial patrol observations. This is primarily due to a decrease in housing development, and miscellaneous TP activity.

Miles of Pipe Inspected by Aerial Survey by Month (Item 56)

Total possible mileage includes the 694-mile main line plus the 29-mile lateral from Crane to Odessa, and the laterals from El Paso Terminal to Diamond Junction (8.5 miles). The 3.5-mile double lateral from East Houston to MP 6 was added to the patrol mileage in 2011. Tier III and Tier II areas (Segment 301) must be inspected every 2½ days not to exceed 72 hours. The Tier I area from the Pecos River to El Paso (Segment 303) only needs to be inspected once per week (not to exceed 12 days). Daily patrols are also required over the Edwards Aquifer

Recharge Zone with one patrol per week to be a ground-level patrol. In an attempt to meet this requirement through aerial patrols, the pipeline ROW was flown daily from the Pecos River to Galena Park. Regular ground patrols were made in the Edwards Aquifer recharge zone (Milepost 170.5 to Milepost 173.5). The cumulative miles of patrols for these three areas by month were as follows:

Table B-6. Cumulative Miles of Patrols

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total*
Aerial Patrol													
301: MP528 to Galena Park	14,708	10,348	13,127	14,344	15,223	15,650	15,401	16,066	13,831	16,080	15,650	15,154	175,572
303: Crane Station to MP694	1,056	792	1056	1,056	1,320	1,056	1,320	1,056	1,056	1,320	1,056	1,056	13,200
Ground Patrol													
Edwards Aquifer	16.8	28	19.6	14	14	11.2	14	11.2	19.6	14	14	22.4	198.8

Magellan was able to meet the Longhorn commitment to inspect Tier II and III areas from the Galena Park to Pecos River at least every 72 hours.

There were episodes of bad weather prohibiting aerial patrols, where ground patrols were organized to complete (or in an attempt to complete) the required right-of-way patrols.

Number of Pipeline Signs Installed, Repaired, Replaced by Month (Item 57)

The number of pipeline markers repaired or replaced is 66 based on the 2012 TPD Annual Assessment. There were 41 in Tier 1, 21 in Tier 2 and 4 in Tier 3.

Table B-7. Markers Repaired or Replaced

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
No. Repaired or Replaced	0	2	9	1	4	5	0	4	39	1	1	0	66

Number of Public Outreach or Educational Meetings Regarding Pipeline Marker Signs and Safety (Item 58)

Magellan participates in a variety of outreach efforts for the public and the stakeholders along the pipeline which are summarized in TPD Annual Assessment.

Table B-8. Educational and Outreach Meetings

EVENT	2005	2006	2007	2008	2009	2010	2011	2012
Emergency Responder / Excavator Meetings	14	12	11	11	11	11	11	11
School Program:								
School Program - Houston	2	2	3	4		6	5	6
School Program - Austin	3	2	7	3	4	3	4	5
Neighborhood Meetings	2	2						
Misc. Meetings:								
Creekside Nursery	1							
Cy Fair ISD	1							
Region 6 LEPC Conference (Houston)	1							
Public Events	4		4	3	2	2		
TOTAL	28	18	25	21	17	22	20	22

NOTE: Public meetings were tallied for the years 2005-2012 as follows:

Emergency Responder / Excavator Meetings: Count only the number of meetings (not the total number of counties).

School Program: Houston Program - count the schools that request the Safe at Home Program; Austin Program - count only schools where Longhorn/Magellan gave presentations.

Neighborhood Meetings: Phased out in 2007, and was replaced by enhancements to school program and public events.

Misc. Meetings: Count all other meetings that are not public events (i.e. daycares, church meetings, public speaking engagements, etc.).

Public Events: Count events such as rodeos, county fairs, fundraisers, home shows, Safety Day Camps, etc.

Number of One-Calls by Month by Tier (Item 59)

The number of reported One-Calls by month by tier for 2012 is in Table B-9 below.

Table B-9. Number of One-Calls by Tier

Tier	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
I	477	466	574	530	701	712	779	753	690	790	689	545	7,707
II	366	313	389	383	446	438	451	565	492	585	525	400	5,354
III	72	63	81	78	90	90	91	113	98	112	102	81	1,072
Total	915	842	1,044	990	1,238	1,240	1,322	1,432	1,280	1,488	1,316	1,026	14,133

Public Awareness Summary Annual Report (Item 60)

The Longhorn Public Awareness Plan incorporates a variety of activities to reach the various stakeholder audiences and provide them with damage prevention information, including annual mailings, emergency response / excavator meetings, door-to-door visits, meetings with emergency response agencies, school presentations, public service announcements and safety information provided on the Magellan website.

Number of Website Visits to Safety Page by Month (Item 61)

The number of visits to the safety section of the website per month is shown in the following table.

Table B-10. Number of Website Visits

Page Name	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Total
Safety/Environment	113	109	103	122	153	124	104	145	237	204	156	142	1712
– Call Before You Dig	57	40	58	53	77	56	58	70	70	41	44	92	716
– Pipeline Safety	121	97	76	67	88	104	82	119	124	98	144	108	1228
– System Integrity Plan	62	83	57	39	78	72	88	84	83	120	89	53	908
– Longhorn Info.	345	478	454	449	449	388	471	425	450	629	516	497	5551
– Pipeline Emergencies	41	28	30	33	32	29	27	50	39	24	38	27	398
– Call Before You Dig Video	3	5	1	0	0	0	0	0	0	0	4	1	14
Home Page – 811 Logo	0	0	0	3	4	0	3	6	3	1	0	0	20
Total	742	840	779	766	881	773	833	899	1,006	1,117	991	920	10,547

Number of ROW Encroachments by Month (Item 67)

Table B-11. Table of ROW Encroachment by Month

Encroachments	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Authorized	4	10	10	7	2	16	5	7	8	12	5	2	88
Unauthorized	0	0	0	0	0	0	0	0	2	0	0	0	2
Total	4	10	10	7	2	16	5	7	10	12	5	2	90

Number of Physical Hits to Pipeline by Third Parties, by Month (Item 68)

No physical hits were reported during 2012. Two physical hits to the pipeline requiring coating repair were reported in 2011, while no physical hits were recorded in the previous 5 years from 2006-2010.

Annual TPD Assessment Report (Item 71)

The Longhorn System 2012 Annual Third-Party Damage Prevention Program Assessment (TPD Annual Assessment) was received on December 3, 2013. Much of the data received in this

report is used to summarize other parts of Section 4.11 and section 5.5 on third-party damage prevention.

One-Call Activity Reports (Item 72)

A summary of One-Call activity by month is supplied in Table B-12 below as extracted from the TPD Annual Assessment. Results show that 14,133 One-Call notifications were made.

Table B-12. One-Call Activity by Month

Month	One-Call Clear	Field Locate	Total Tickets
Jan	250	90	915
Feb	233	94	842
Mar	324	102	1044
Apr	297	142	990
May	392	126	1,238
Jun	404	122	1,240
Jul	531	82	1,322
Aug	567	146	1,432
Sep	464	193	1,280
Oct	465	275	1,488
Nov	417	281	1,316
Dec	405	145	1,026
Totals	4,749	1,798	14,133

4.12. Incident, Root Cause, and Metallurgical Failure Analysis Reports

During 2012 there were twelve internal incident data reports filed, none of which were DOT Reportable. Seven involved incidents at facilities (all classified as minor) and five along the pipeline (one minor, three ROW near-misses and one hazard near-miss). Incident investigations were conducted on six of the twelve incidents.

4.13. Other LPSIP/RRA Studies, Evaluations, and Program Data

None received in 2012.

4.14. Major Pipeline Incidents, Industry, or Agency Advisories Affecting Pipeline Integrity

PHMSA Advisories

DEPARTMENT OF TRANSPORTATION ADB-2012-10 December 5, 2012

Pipeline and Hazardous Materials Safety Administration

Pipeline Safety: Using Meaningful Metrics in Conducting Integrity Management Program Evaluations

AGENCY: Pipeline and Hazardous Materials Safety Administration (PHMSA); DOT.

ACTION: Notice; issuance of Advisory Bulletin.

SUMMARY: PHMSA is issuing an Advisory Bulletin to remind operators of gas transmission and hazardous liquid pipeline facilities of their responsibilities, under Federal integrity management regulations, to perform evaluations of their integrity management programs using meaningful performance metrics.

DEPARTMENT OF TRANSPORTATION ADB-2012-09 October 11, 2012

Pipeline and Hazardous Materials Safety Administration

Pipeline Safety: Communication during Emergency Situations

AGENCY: Pipeline and Hazardous Materials Safety Administration (PHMSA); DOT.

ACTION: Notice; issuance of Advisory Bulletin.

SUMMARY: PHMSA is issuing this Advisory Bulletin to remind operators of gas, hazardous liquid, and liquefied natural gas pipeline facilities that operators should immediately and directly notify the Public Safety Access Point (PSAP) that serves the communities and jurisdictions in which those pipelines are located when there are indications of a pipeline facility emergency.

DEPARTMENT OF TRANSPORTATION ADB-2012-08 July 31, 2012

Pipeline and Hazardous Materials Safety Administration

AGENCY: Pipeline and Hazardous Materials Safety Administration (PHMSA); DOT.

ACTION: Notice; issuance of Advisory Bulletin.

SUMMARY: PHMSA is issuing an advisory bulletin to alert all pipeline owners and operators of the circumstances of the Canadian National Railway Company freight train derailment that occurred in Cherry Valley, Illinois on June 19, 2009, and remind owners and operators of the importance of assuring that pipeline facilities have not been damaged either during a railroad accident or other event occurring in the right-of-way. Further, the advisory bulletin reminds pipeline owners and operators of the importance of providing pertinent information to rail operators and emergency response officials during an incident. This information should include the presence, depth and location of the pipelines so that the movement of heavy equipment and debris on the right-of-way does not damage or rupture the pipeline or otherwise pose a hazard to people working in, and around, the accident location. The advisory also encourages pipeline owners and operators to inform rail operators and emergency response officials of the benefits of using the 811 "Call Before You Dig" program to identify and notify underground utilities that an incident has occurred in the vicinity of their buried facilities.

DEPARTMENT OF TRANSPORTATION ADB-2012-06 May 7, 2012
Pipeline and Hazardous Materials Safety Administration

AGENCY: Pipeline and Hazardous Materials Safety Administration (PHMSA); DOT.

ACTION: Notice; issuance of Advisory Bulletin.

SUMMARY: PHMSA is issuing an Advisory Bulletin to remind operators of gas and hazardous liquid pipeline facilities to verify their records relating to operating specifications for maximum allowable operating pressure (MAOP) required by 49 CFR 192.517 and maximum operating pressure (MOP) required by 49 CFR 195.310. This Advisory Bulletin informs gas operators of anticipated changes in annual reporting requirements to document the confirmation of MAOP, how they will be required to report total mileage and mileage with adequate records, when they must report, and what PHMSA considers an adequate record. In addition, this Advisory Bulletin informs hazardous liquid operators of adequate records for the confirmation of MOP.

DEPARTMENT OF TRANSPORTATION ADB-2012-01 January 13, 2012
Pipeline and Hazardous Materials Safety Administration

AGENCY: Pipeline and Hazardous Materials Safety Administration (PHMSA); DOT.

ACTION: Notice; issuance of Advisory Bulletin.

SUMMARY: PHMSA is issuing this advisory bulletin to advise owners and operators of pipeline facilities within PHMSA's plan of the implementation of the national registry of pipeline and liquefied natural gas operators.

4.15. DOT Regulations

No new regulations affecting the Longhorn ORA occurred in 2012.

4.16. Literature Reviewed

See references.