

Via Certified Mail - Hardcopy Requested

January 20, 2014

Mr. R.M. Seeley, Director
Southwest Region, Pipeline Hazardous Materials and Safety Administration
8701 South Gessner, Suite 1110
Houston, TX 77074

Re: Longhorn Pipeline – LMP Change – Revision to November 15, 2013 request

Dear Mr. Seeley,

Magellan and PHMSA representatives met on January 16, 2014 to discuss the previous request to modify the Longhorn Mitigation Plan language to reflect an increased overall system capacity. Based upon these conversations Magellan hereby modifies the request and mitigation plan language to reflect a capacity of 292,000 bpd to match the surge pressure analysis.

Magellan Pipeline Company, L.P. (Magellan) recently completed modifications to the Longhorn Pipeline (Pipeline) to reverse the flow from Crane to Houston, Texas and transport crude oil. The pipeline began transporting crude oil to the Houston market in April of 2013. As part of the project, Magellan installed pumping stations along the line to ultimately increase the capacity of the pipeline to 225,000 barrels per day (bpd).

Due to continued projected increase in the Permian Basin crude oil supply and shipper demand for more pipeline capacity to transport crude oil to the gulf coast market, Magellan desires to increase the capacity of the system from Crane Station to East Houston to 292,000 bpd. Ultimate approved flow rate would be contingent upon PHMSA's review of the surge pressure analysis and acceptance of mitigation measures proposed per Longhorn Mitigation Plan commitment number 31.

The Longhorn Mitigation Plan System Description in the Longhorn Mitigation Plan does not currently describe a system capacity above 225,000 bpd. Therefore, Magellan proposes modifying the following language to the System Description in Section 2.1 of the Longhorn Mitigation Plan (LMP).

The crude oil system with an initial capacity of 135,000 barrels per day is made up of the following segments:

- A 424 mile, 18" pipeline from Crane Station to Satsuma Station with the following intermediate pumping stations
 - Kimble County – Kimble County, TX
 - Cedar Valley – Hays County, TX
- A 32 mile, 20" pipeline from Satsuma Station to East Houston Terminal.
- A 9 mile, 20" pipeline from East Houston Terminal to 9th street junction.
- A 1 mile inactive and purged section of 20" pipeline from 9th street junction to Galena Park Terminal.

With the addition of the following pump stations in 2013, the capacity of the crude system from Crane to East Houston Terminal is increased to 292,000 bpd:

- Texon
- Barnhart
- Cartman
- James River
- Eckert (existing scraper trap site)
- Bastrop (existing site)
- Warda (existing scraper strap site)
- Buckhorn
- Satsuma (existing scraper trap site)

Based upon shipper demand, Magellan may in the future make connection to third party facilities at the following locations:

- Texon – Reagan County, TX
- Barnhart – Crockett County, TX
- Bastrop – Bastrop County, TX
- Warda – Fayette County, TX
- Industry – Austin County, TX

In order to achieve this higher capacity and maintain the mitigation commitments outlined in the LMP the following is required:

- Modify the booster pump, tank vents, tank piping, manifold, and meters at the Crane Origination facility.
- Conduct Surge Analysis and submit any new or modified mitigation measures to PHMSA for approval in accordance with Longhorn mitigation commitment 31.
- Complete modifications to Surge Overpressure protection systems at intermediate pumping stations and select valve sites.
- Install flow improver injection sites at two locations (Bastrop and Satsuma).
- Install new meters at East Houston Terminal to support increased flow rate.
- Modify trench containments systems over the Edwards Aquifer including additional check valves to minimize release volumes.
- Perform a review of the applicable portions of the Longhorn Pipeline Facility Response Plans and resubmit to PHMSA for approval, if substantial changes are made.

Per Mitigation Commitment Item 39, this change to the LMP is submitted for PHMSA review and approval. As required in the Longhorn Mitigation Plan, the proposed change in the form of this letter has been made available to the public by posting on the Magellan website, and copies of this letter have been made available to the General Manager of the Lower Colorado River Authority (LCRA) and to the Mayors of Houston, Austin, and El Paso at the addresses shown below. If you have any questions or need additional information, please contact me at your convenience.

Sincerely,



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