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PO BOX 22186  
Tulsa, OK 74172-2186

January 26, 2010

The Honorable Lee Leffingwell  
Mayor of Austin  
Office: City Hall  
301 W. 2<sup>nd</sup> St. 2<sup>nd</sup> Floor  
Austin, TX 78701

Re: Longhorn Pipeline, Ultrasonic Smart Pigging Status

Dear Mayor Leffingwell,

Magellan Midstream Partners, L.P. ("Magellan") acquired the Longhorn Partners Pipeline Assets ("Longhorn Pipeline") in July 2009. One of the obligations assumed by Magellan is the requirement to smart pig approximately 450 miles of the pipeline using ultrasonic ("UT") technology starting from the pipeline's origination near Houston and ending near Crane, Texas by January 27, 2010. Smart pigging requires that the pipeline is operating and transporting products in order to propel the smart pig devices from one pipeline section to the next.

The purpose of this letter is to provide an update on the status of Magellan's UT smart pigging of the Longhorn Pipeline. Further, this letter provides notice and explanation of Magellan's request for an extension in completing the subject UT smart pigging. Due primarily to market demand the Longhorn Pipeline experienced low product movements during the months January, 2009 through July, 2009. Intermittent Operations commenced in August, 2009 which allowed Magellan to initiate UT smart pigging activities. Unfortunately, pipeline volumes were insufficient to allow full completion of the UT inspections by the January 27, 2010 target date.

UT inspection of the pipeline system from Houston to Warda was completed in 2009. One additional pipeline segment from the city of Warda and extending near Dripping Springs (west of Austin) was UT inspected in early January, 2010 bringing the total system inspection mileage completed to approximately 182 miles.

I have attached a map of the Longhorn Pipeline which shows the pipeline segments that have been UT smart pig inspected to date.

Attached to this letter is one that was sent on December 17, 2009 by Magellan to the Pipeline Hazardous Materials and Safety Administration. Based upon information as of mid-December, our Longhorn Pipeline product movement forecasts predicted that UT smart pigging could be delayed through late 2010. Over the last month, however,

Longhorn Pipeline transportation volumes, driven by market conditions, have increased. This volume increase has resulted in decreasing the expected timing extension for conducting and completing the UT smart pigging inspections from December to June, 2010.

Magellan has consulted with Kiefner and Associates Inc., Longhorn Pipeline's Operation Reliability Assessment Third Party Metallurgical and Pipeline Specialist Contractor, to assist in the evaluation of the effects and impact of extending the UT smart pigging completion date. As an additional safety measure and resulting from Magellan/Kiefner analysis, Magellan has implemented a voluntary pressure reduction (restricting maximum operating pressure to 90% of recent maximum pressures) until the UT smart pigging has been completed.

If you have any questions or would like to discuss this subject or Magellan's operation of the Longhorn Pipeline, please contact me at (918) 574-7326 or by e-mail at [doug.chabino@magellanlp.com](mailto:doug.chabino@magellanlp.com).

Sincerely yours,

A handwritten signature in black ink, appearing to read 'DC', with a long horizontal line extending to the right.

Doug Chabino  
Manager, Asset Integrity Engineering

Attachment: Longhorn Mitigation Plan Commitment Number 12, PHMSA Southwest Region, December 17, 2009.

Cc: The Honorable Annise D. Parker, Mayor of Houston  
The Honorable John F. Cook, Mayor of El Paso  
Mr. Thomas G. Mason, General Manager, Lower Colorado River Authority  
Mr. R.M. Seeley, Director, PHMSA Southwest Region  
Mr. John Jacobi, PHMSA Southwest Region