



U.S. Department
of Transportation

**Pipeline and Hazardous
Materials Safety Administration**

400 Seventh Street, S.W.
Washington, D.C. 20590

FEB 20 2007

Mr. Rodney Reese
Vice President, Regional Operations
Valero L.P.
One Valero Way
Mail Stop C2G-140
San Antonio, TX 78249-1616

Re: CPF No. 3-2006-5042

Dear Mr. Reese:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It makes a finding of violation and specifies actions to be taken to comply with the pipeline safety regulations. When the terms of the compliance order are completed, as determined by the Director, Central Region, PHMSA, this enforcement action will be closed. Your receipt of this Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

James Reynolds
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosure

cc: Ivan Huntoon
Director, Central Region, PHMSA

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590

In the Matter of)	
)	
Valero L.P.,)	CPF No. 3-2006-5042
)	
Respondent)	
)	

FINAL ORDER

On March 27-30, April 24-27, and June 26-27, 2006, pursuant to 49 U.S.C. § 60117, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety and the Minnesota Office of Pipeline Safety conducted an on-site pipeline safety inspection of Respondent's facilities and records associated with the Kanab refined products pipeline in North Dakota and Minnesota. As a result of the inspection, the Director, Central Region, PHMSA, issued to Respondent, by letter dated October 5, 2006, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had committed a violation of 49 C.F.R. Part 195 and proposed ordering Respondent to take certain measures to correct the alleged violation.

Respondent responded to the Notice by letter dated October 23, 2006 (Response). Respondent did not contest the allegation of violation but provided information concerning the corrective actions it has initiated. Respondent did not request a hearing, and therefore has waived its right to one.

FINDING OF VIOLATION

In its Response, Respondent did not contest the alleged violation in the Notice. Accordingly, I find that Respondent violated the following section of 49 C.F.R. Part 195, as more fully described in the Notice:

49 C.F.R. § 195.402(a)—failing to follow procedures for identifying, testing, and minimizing the detrimental effects of stray currents at foreign pipeline crossings between Mandan, North Dakota and Roseville, Minnesota.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

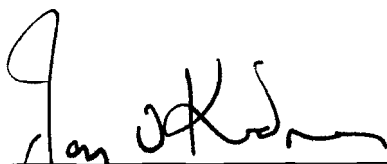
The Notice proposed a compliance order with respect to Respondent's failure to follow procedures for identifying, testing, and minimizing the detrimental effects of stray currents at foreign pipeline crossings. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. Within 30 days following receipt of this Order, submit a written plan and schedule of action to evaluate each foreign line crossing for the adverse effects of stray currents to Ivan A. Huntoon, Director, Central Region, Pipeline and Hazardous Materials Safety Administration, 901 Locust Street, Room 462, Kansas City, MO 64106;
2. Begin implementation of the plan and schedule required by Item 1, above, within 60 days following receipt of this Order; and
3. Maintain documentation of the activities undertaken to fulfill the requirements of this compliance order, including costs. Upon completion of the requirements, submit the documentation to Ivan A. Huntoon, Director, Central Region, Pipeline and Hazardous Materials Safety Administration, 901 Locust Street, Room 462, Kansas City, MO 64106. Costs shall be reported in two categories: (1) total cost associated with preparation/revision of plans, procedures, studies and analyses; and (2) total cost associated with replacements, additions and other changes to pipeline infrastructure.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent demonstrating good cause for an extension.

Failure to comply with this Order may result in the assessment of civil penalties of up to \$100,000 per violation per day, or in the referral of the case for judicial enforcement.

The terms and conditions of this Final Order are effective on receipt.



JDW
Jeffrey D. Wiese
Acting Associate Administrator
for Pipeline Safety

FEB 20 2007

Date Issued