

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 9, 1998

Mr. Patrick McConahy
Vice President of Pipelines and Terminals
Ultramar Diamond Shamrock
P.O. Box 696000
San Antonio, Texas 78269-6000

Dear Mr. McConahy:

CPF No. 48504W

Between November 4 and November 7, 1997, a representative of the Southwest Region, Office of Pipeline Safety, pursuant to Chapter 601 of 49 United States Code, conducted an onsite pipeline safety inspection of your pipeline facilities and records for the McKee to El Paso pipeline in the states of New Mexico and Texas and the Santa Fe Pacific connection in El Paso.

As a result of the inspection, it appears that you have committed probable violations, as noted below, of pipeline safety regulations, Title 49, Code of Federal Regulations, Part 195. The items inspected and the probable violations are:

1. **§195.262 Pumping equipment.**
(c) Each safety device must be tested under conditions approximating actual operations and found to function properly before the pumping station may be used.

At the time of the inspection, there were no records to indicate that the safety devices associated with the pump stations at McKee, Elkins and El Paso were tested prior to putting the pump station into operation.

2. **§195.266 Construction records.**
A complete record that shows the following must be maintained by the operator involved for the life of each pipeline facility: (b) The amount, location, and cover of each size of pipe installed.

While company procedures and the installation contract are specific as to the depth of cover, a review of the construction records indicates that the actual depth of

cover is not documented on daily or weekly summary inspection reports or on other documents.

3. **§195.420 Valve maintenance.**

(b) Each operator shall, at intervals not exceeding 7 ½ months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

Inspection records indicate that mainline valves from BV 219 to the El Paso terminal were inspected on 3/21 to 3/23, 1996 and next on 12/16 to 12/19, 1996. This inspection interval does occur twice in 1996, but does exceed the 7 1/2 month interval requirement.

4. **§195.428 Overpressure safety devices**

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

Rupture disks on the 10" pipeline and header at the El Paso terminal were inspected in 10/96 and next in 10/97. This inspection interval exceeds the 7 1/2 month interval requirement, as well as not occurring twice in the calendar year.

Under 49 United States Code, §60122, you are subject to a civil penalty not to exceed \$25,000 for each violation for each day the violation persists up to a maximum of \$500,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved for the violations in this case, and have decided not to assess you a civil penalty. We advise you, however, that should you not correct the circumstances leading to the violations we will take enforcement action when and if the continued violations come to our attention.

In addition, several items were noted that caused concern about the safe operation and maintenance of your pipeline facilities. §195.404 (b)(1) requires that each operator shall maintain for at least 3 years daily operating records that indicate the discharge pressure at each pump station. An inspection of the strip chart recorder records at the Elkins and McKee pump station indicated that several times the strip chart recorder did not mark date, time and pressure/flow rate values due to chart mechanical malfunctions. At the time of the inspection, these values were not being printed on the recorders at Elkins and McKee. In addition, the chart paper at the Elkins station ran out on 12/14/96 and was not replaced until 2/4/97. It is important to maintain accurate records of pump station discharge pressures in order to identify periods of

abnormal operation and reviewing historical operation of the pipeline. It is recommended that the strip chart recorders be properly maintained at all times.

§195.428(a) requires that the operator shall test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly. While all required inspection records were available for pump pressure switches, the inspection form for the McKee pump station was inadequate in that no indication was made on the form at what pressure the switch was found at and what pressure the switch was left at. The form indicated only that the switch was 'ok'. It is recommended that the McKee form be modified similar to the Elkins pump station inspection form.

It was noted during the inspection of this new pipeline that none of the mainline valves were identified as to valve number, as is the common practice with Diamond Shamrock's existing facilities. It is recommended that the all mainline valves be identified.

You will not hear from us again with regard to content of this letter. Because of the good faith that you have exhibited up to this time, we expect that you will act to ensure that matters discussed in this letter will be addressed. Please refer to CPF No. 48504W in any correspondence/communication on this matter.

Sincerely,

R. M. Seeley
Regional Director, Southwest Region