



U.S. Department  
of Transportation

**Pipeline and  
Hazardous Materials Safety  
Administration**

8701 South Gessner, Suite 1110  
Houston, TX 77074

## NOTICE OF AMENDMENT

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 15, 2007

Mr. Richard Bluntzer  
Vice President, Pipeline Operations  
Valero Logistics Operations, LP  
One Valero Way  
San Antonio, Texas 78249

**CPF No. 4-2007-5005M**

Dear Mr. Bluntzer:

In 2004, a team of representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, conducted an onsite pipeline safety inspection of your Corrosion Control manuals, records and procedures at your headquarters in San Antonio, Texas. In August 2005 a follow up pipeline safety inspection of your Corrosion Control manuals, records and procedures was conducted at the PHMSA office in Houston, Texas.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Valero's plan or procedure and are described below:

1. **§195.555 What are the qualifications for supervisors?**

**You must require and verify that supervisors maintain a thorough knowledge of that portion of the corrosion control procedures established under Sec. 195.402(c)(3) for which they are responsible for insuring compliance.**

Valero corrosion control procedure manual needs to define which individuals are supervisors and quantify their expertise.

2. **§195.559 What coating material may I use for external corrosion control?**

**Coating material for external corrosion control under Sec. 195.557 must--**

- (a) Be designed to mitigate corrosion of the buried or submerged pipeline;**
- (b) Have sufficient adhesion to the metal surface to prevent under film migration of moisture;**
- (c) Be sufficiently ductile to resist cracking;**
- (d) Have enough strength to resist damage due to handling and soil stress;**
- (e) Support any supplemental cathodic protection; and**
- (f) If the coating is an insulating type, have low moisture absorption and provide high electrical resistance.**

Valero corrosion control procedure manual does not address coating material requirements.

3. **§195.569 Do I have to examine exposed portions of buried pipelines?**

**Whenever you have knowledge that any portion of a buried pipeline is exposed, you must examine the exposed portion for evidence of external corrosion if the pipe is bare, or if the coating is deteriorated. If you find external corrosion requiring corrective action under Sec. 195.585, you must investigate circumferentially and longitudinally beyond the exposed portion (by visual examination, indirect method, or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the exposed portion.**

Valero corrosion control procedure manual does not indicate that examination of exposed portions of buried pipelines is "to determine extent" of corrosion if found.

4. **§195.573 What must I do to monitor external corrosion control?**

**(d) Breakout tanks. You must inspect each cathodic protection system used to control corrosion on the bottom of an aboveground breakout tank to ensure that operation and maintenance of the system are in accordance with API Recommended Practice 651. However, this inspection is not required if you note in the corrosion control procedures established under Sec. 195.402(c)(3) why compliance with all or certain operation and maintenance provisions of API Recommended Practice 651 is not necessary for the safety of the tank.**

Valero corrosion control procedure manual does not address tank bottom c.p. being in accordance with API RP 651.

5. **§195.579 What must I do to mitigate internal corrosion?**

**a) General. If you transport any hazardous liquid or carbon dioxide that would corrode the pipeline, you must investigate the corrosive effect of the hazardous liquid or carbon dioxide on the pipeline and take adequate steps to mitigate internal corrosion.**

Valero corrosion control procedure manual does not contain provisions for investigating and taking appropriate steps where internal corrosive effects would corrode the pipeline.

**6. §195.579 What must I do to mitigate internal corrosion?**

**(b) Inhibitors. If you use corrosion inhibitors to mitigate internal corrosion, you must--**

- (1) Use inhibitors in sufficient quantity to protect the entire part of the pipeline system that the inhibitors are designed to protect;**
- (2) Use coupons or other monitoring equipment to determine the effectiveness of the inhibitors in mitigating internal corrosion; and**
- (3) Examine the coupons or other monitoring equipment at least twice each calendar year, but with intervals not exceeding 7 1/2 months.**

Valero corrosion control procedure manual does not contain provisions for internal corrosion inhibitor and coupons or other monitoring equipment.

**7. §195.583 What must I do to monitor atmospheric corrosion control?**

**(a) You must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:**

**If the pipeline is located: Then the frequency of inspection is:**

**Onshore At least once every 3 calendar years, but with intervals not exceeding 39 months**

**Offshore At least once each calendar year, but with intervals not exceeding 15 months**

**(b) During inspections you must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.**

**(c) If you find atmospheric corrosion during an inspection, you must provide protection against the corrosion as required by Sec. 195.581.**

Valero corrosion control procedure manual does not contain a procedure for atmospheric corrosion monitoring.

**8. §195.585 What must I do to correct corroded pipe?**

**(a) General corrosion. If you find pipe so generally corroded that the remaining wall thickness is less than that required for the maximum operating pressure of the pipeline, you must replace the pipe. However, you need not replace the pipe if you--**

- (1) Reduce the maximum operating pressure commensurate with the strength of the pipe needed for serviceability based on actual remaining wall thickness; or**
- (2) Repair the pipe by a method that reliable engineering tests and analyses show can permanently restore the serviceability of the pipe.**

Valero corrosion control procedure manual does not contain procedures to reduce MOP, or repair/replace pipe if general corrosion has reduced the wall thickness.

9. **§195.585 What must I do to correct corroded pipe?**

**(b) Localized corrosion pitting. If you find pipe that has localized corrosion pitting to a degree that leakage might result, you must replace or repair the pipe, unless you reduce the maximum operating pressure commensurate with the strength of the pipe based on actual remaining wall thickness in the pits.**

Valero corrosion control procedure manual does not contain procedures to reduce MOP, or repair/replace pipe if localized corrosion has reduced the wall thickness.

Response to this Notice

If, after notice and opportunity for a hearing, your procedures are found to be inadequate, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237).

This letter serves as your notice of inadequate plans or procedures. Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to the Notice of Amendment portion of this document and note the response options. If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue an Order Directing Amendment.

If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

In your correspondence on this matter, please refer to **CPF 4-2007-5005** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



R. M. Seeley  
Director, Southwest Region  
Pipeline and Hazardous  
Material Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*