



U.S. Department  
Of Transportation  
Pipeline and  
Hazardous Materials  
Safety Administration

820 Bear Tavern Road, Suite 306  
West Trenton, NJ 08628  
**609.989.2171**

## NOTICE OF AMENDMENT

### EXPRESS OVERNIGHT DELIVERY

March 29, 2010

Mr. Paul Brochu  
Vice President of Logistics, Operations & Development  
Valero Terminating and Distribution Company  
One Valero Way  
San Antonio, TX 78249-1616

**CPF 120105003M**

Dear Mr. Brochu:

On September 28 – October 2, 2009, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code inspected Valero Terminating and Distribution Company procedures for operations and maintenance in Delaware City, Delaware.

On the basis of the inspection, PHMSA has identified apparent inadequacies within Valero's plans or procedures, as described below:

**1. §195.310 Records.**

**(b) The record required by paragraph (a) of this section must include:**

**(3) The name of the operator, the name of the person responsible for making the test, and the name of the test company used, if any.**

Valero had no written procedure that requires pressure test records to include the name of the operator, the name of the person responsible for making the test, and the name of the test company used, if any. The Valero Operations, Maintenance, and Emergency Procedures, Revision 2.3 (9-2009) procedures on pressure testing, Valero Hydrostatic Test Report Form,

Valero Hydrostatic Test Planning Form Instructions, and Valero Hydrostatic Test Leak Report were reviewed at the time of the inspection; however none of the documents contained these provisions.

**2. §195.310 Records.**

**(b) The record required by paragraph (a) of this section must include:**

**(8) An explanation of any pressure discontinuities, including test failures that appear on the pressure recording charts.**

Valero had no written procedure that requires pressure test records to include an explanation of any pressure discontinuities, including test failures that appear on the pressure recording charts. The Valero Operations, Maintenance, and Emergency Procedures, Revision 2.3 (9-2009) procedures on pressure testing, Valero Hydrostatic Test Report Form, Valero Hydrostatic Test Planning Form Instructions, and Valero Hydrostatic Test Leak Report were reviewed at the time of the inspection, however, none of the documents contained these provisions.

**3. §195.559 What coating material may I use for external corrosion control?**

**Coating material for external corrosion control under Sec. 195.557 must-**  
**(e) Support any supplemental cathodic protection.**

Although Valero’s Delaware City pipeline does have external coating, Valero did not have a procedure that specifies coating material for external corrosion must support any supplemental cathodic protection in their Operations, Maintenance, and Emergency Procedures, Revision 2.3 (5-2009).

**4. §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 did not have a procedure requiring exposed portions of buried pipelines be examined for evidence of external corrosion. While there were no procedures for this provision, repair records were reviewed that included the required data, as well as pictures illustrating this had been done.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b). 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 a Final Order.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 60 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 correspondence concerning this matter, please refer to **CPF 120105003M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Byron E. Coy, PE  
Director, Eastern Region  
Pipeline and Hazardous Materials Safety Administration

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