



U.S. Department  
of Transportation

**Pipeline and Hazardous  
Materials Safety Administration**

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

FEB - 6 2007

Mr. Kent Powers  
General Manager  
CITGO Petroleum Corporation - Pipelines and Terminals  
One Warren Place  
6100 South Yale Avenue  
Tulsa, OK 74102

Re: CPF No. 3-2004-5028

Dear Mr. Powers:

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 finds that you have completed the actions specified in the Notice required to comply with the pipeline safety regulations. The Final Order also finds that you have addressed the inadequacies in your procedures that were cited in the Notice of Amendment. This case is now closed. Your receipt of the Final Order constitutes service 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 )

CITGO Petroleum Corporation )  
Pipelines and Terminals )

Respondent )  
\_\_\_\_\_ )

CPF No. 3-2004-5028

FINAL ORDER

On September 15-19 and October 6-8, 2003, pursuant to 49 U.S.C. § 60117, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety conducted an inspection of Respondent's integrity management program (IMP) in Tulsa, Oklahoma. As a result of the inspection, the Director, Central Region, PHMSA, issued to Respondent, by letter dated September 9, 2004, a Notice of Probable Violation, Proposed Compliance Order, and Notice of Amendment (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had committed violations of 49 C.F.R. Part 195 and proposed ordering Respondent to take certain measures to correct the alleged violations. The Notice also proposed, in accordance with 49 C.F.R. § 190.237, that Respondent amend its operating and maintenance procedures.

Respondent responded to the Notice by letter dated October 11, 2004, as supplemented by letter dated August 10, 2005 (Response). Respondent contested two of the allegations of inadequate procedures, provided information concerning the corrective actions it has taken, and submitted copies of certain of its procedures that it had revised. Respondent did not request a hearing, and therefore has waived its right to one.

FINDING OF VIOLATION

Item 7 in the Notice alleged that Respondent violated 49 C.F.R. 195.452(f) by failing to specify tolerance criteria for addressing dent issues identified by integrity assessments, and failing to treat a dent on Line 372A as a 180-day condition in the absence of geometry tool performance specification. In its Response, Respondent did not contest the alleged violation. Accordingly, I find that Respondent violated 49 C.F.R. 195.452(f), as more fully described in the Notice.

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

#### WITHDRAWAL OF ALLEGATIONS

Item 2 in the Notice alleged that Respondent had violated 49 C.F.R. § 195.452(c)(1)(i) by failing to select an assessment method capable of assessing seam integrity on low-frequency electric resistance welded (ERW) pipe in the Bell to Granville line. In its response, Respondent submitted information demonstrating that it had selected a UT crack tool to assess seam integrity on its low frequency ERW pipe and that this tool was run to complete the baseline assessment of the Bell to Granville line. Based on this information demonstrating compliance with the regulation, I am withdrawing this allegation of violation.

Item 3 in the Notice alleged that Respondent had violated 49 C.F.R. § 195.452(c)(2) by failing to document modifications to its list of identified segments. In its response, Respondent submitted information demonstrating that it had documented the modifications to its list of identified segments. Based on this information demonstrating compliance with the regulation, I am withdrawing this allegation of violation.

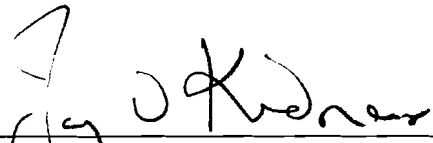
#### COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 7 in the Notice for Respondent's failure to specify tolerance criteria for addressing dent issues identified by integrity assessments, and failure to treat a dent on Line 372A as a 180-day condition in the absence of geometry tool performance specification. 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. The Director, Central Region, PHMSA, has indicated that Respondent has revised its dent evaluation practices to consider the entire dent and require unity plots for evaluating tool tolerances. Respondent has also demonstrated that it completed the examinations and repairs of 37 dent indications as scheduled. Accordingly, since compliance has been achieved with respect to this violation, it is unnecessary to include compliance terms in this Order.

#### AMENDMENT OF PROCEDURES

Items 1, 4, 5, and 6 in the Notice alleged inadequacies in Respondent's operating and maintenance procedures and proposed to require amendment of Respondent's procedures to comply with the requirements of 49 C.F.R. Part 195. In its response, Respondent submitted copies of its amended procedures. The Director, Central Region, PHMSA reviewed the amended procedures and determined that the amendments addressed the inadequacies identified in the Notice. Based on the results of this review, I find that Respondent's original procedures as described in the Notice were inadequate, but that Respondent has corrected the identified inadequacies. Accordingly, it is unnecessary to issue an order directing amendment of Respondent's procedures.

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

*for*   
\_\_\_\_\_  
Jeffrey D. Wiese  
Acting Associate Administrator  
for Pipeline Safety

FEB - 6 2007

\_\_\_\_\_  
Date Issued