



Valero Logistics Operations, L.P.

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March 22, 2007

Mr. R. M. Seeley
Director, Southwest Region
Pipelines and Hazardous Materials Safety Administration
8701 South Gessner, Suite 1110
Houston TX 77074

Re: CPF 4-2007-5005M

Dear Mr. Seeley:

Valero Logistics has reviewed the Notice of Amendment and has no objections to the recommendations outlined in the Notice. Valero Logistics proposes revisions to its Corrosion Control Manual that address the concerns identified in the Notice. For your convenience we have attached our response and restated each issue presented in the Notice. The proposed revisions and referenced Appendices are included for your review.

Should you have any questions regarding this response, I may be contacted at my office at 361-696-7562 or by cell phone at 210-215-5107

Sincerely,

Hector D. Gonzalez
Engineering and Technical Services Sr. Manager
Valero Logistics Operations, L.P.

Notice Of Amendment

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 the corrosion control procedures established under Sec. 195.402(c)(3) for which they are responsible for insuring compliance.

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

Valero LP's Response to NOA #1

The proposed revision in Section 1 of the Corrosion Control Manual "Qualifications" contains tables listing the job titles, tasks that the individual is qualified to perform, and the required qualifications for that individual. A copy of the proposed revision is included for your review.

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.

Valero LP's Response to NOA #2

The proposed revision in Section 3 of the Corrosion Control Manual "Coating Materials" addresses the coating requirements as stipulated under Sec. 195.557. The procedure also recommends coatings for low soil stress and high soil stress areas including surface preparation for each. A copy of the proposed revision is included for your review.

3. §195.559 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.

Valero LP’s Response to NOA #3

The proposed revision in Section 7 of the Corrosion Control Manual “Examination of Exposed Portions of Buried Pipelines” has been modified to include language stating that if corrosion is found during examination of exposed portions of buried pipelines the extent of the corrosion must be determined. A copy of the proposed revision is included for your review.

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 any 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.

Valero LP’s Response to NOA #4

The proposed revision in Section 9 of the Corrosion Control Manual “External Corrosion Control Monitoring” has been modified to include API RP 651: “Cathodic Protection of Aboveground Petroleum Storage Tanks” as the standard for applying cathodic protection to tank bottoms. A copy of the proposed revision is included for your review.

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.

Valero LP’s Response to NOA #5

The proposed revision in Section 12 of the Corrosion Control Manual “Internal Corrosion” has been modified to include provisions to investigate the corrosion of internal pipe surfaces or other surfaces of the pipeline system as a result of liquid contacting internal surfaces. The Corrosion Control Manager is responsible for reviewing the internal corrosion coupon report and for making any decisions for

changing the amount of inhibitor used to provide adequate protection to internal surfaces. A copy of the proposed revision is included for your review.

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 ½ months.**

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

Valero LP's Response to NOA #6

The proposed revision in Section 12 of the Corrosion Control Manual "Internal Corrosion" has been modified to include provisions for internal coupon inspections, coupon installation procedures, coupon removal procedures, coupon cleaning, and samples and testing. In addition, Valero LP uses a mobile internal corrosion monitoring trailer to enhance its internal corrosion monitoring program. A copy of the proposed revision is included for your review.

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 on shore, then the frequency of inspection is at least once every three calendar years, but with intervals not exceeding 39 months. If the pipeline is located offshore, then the frequency of inspections is at least once each calendar year, but with intervals not exceeding 15 months.

(b) During inspections you must give particular attention to the pipe at soil-to-air interfaces, under thermal insulation, under disbanded 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 protections against the corrosion as required by Sec. 195.581

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

Valero LP's Response to NOA #7

The proposed revision in Section 13 of the Corrosion Control Manual "Atmospheric Corrosion" has been modified to contain procedures for the inspection of portions of pipelines exposed to the atmosphere. A copy of the proposed revision is included for your review.

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.

Valero LP's Response to NOA #8

The proposed revision in Section 14 of the Corrosion Control Manual "Reducing MOP" contains references to Valero L.P.'s Pipeline O&M Manual. Procedure 615 of the O&M Manual is included for your review.

9. **§195.585 What must I do to correct corroded pipe?**
(b) **Localized corrosion pitting.** If you find that pipe has localized corrosion pitting to a degree that leakage might result, you must repair or replace, 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 general corrosion has reduced the wall thickness.

Valero LP's Response to NOA #9

The proposed revision in Section 14 of the Corrosion Control Manual "Reducing MOP" contains references to Valero L.P.'s Pipeline O&M Manual. Procedure 614 of the O&M Manual is included for your review.