



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

409 3rd Street, SW, Suite 300
Washington, DC 20024

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 07, 2007

John Pickering
Vice President and General Manager
Valero Energy Corporation
One Valero Way
San Antonio, TX 78249-1616

CPF 1-2007-1013

Dear Mr. Pickering:

During the week of May 29, 2007, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your natural gas transmission pipeline in Paulsboro, New Jersey.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

1. **§192.465 External corrosion control: Monitoring.**

(b) Each cathodic protection rectifier or other impressed current power source must be inspected six times each calendar year, but with intervals not exceeding 2 1/2 months, to insure that it is operating.

According to Valero's rectifier records, the rectifier adjacent to the Paulsboro, NJ Refinery was read only five times during 2006. Inspection intervals exceeded 2½ months during the periods:

September 6, 2006 to January 3, 2007 (3 months 28 days)
January 3, 2007 to April 9, 2007 (3 months 6 days).

2. §192.705 Transmission lines: Patrolling.

(b) The frequency of patrols is determined by the size of the line, the operating pressures, the class location, terrain, weather, and other relevant factors, but intervals between patrols may not be longer than prescribed in the following table:

Class location of line	At highway and railroad crossings	At all other places
1,2	7½ months; but at least twice each calendar year	15 months; but at least once each calendar year
3	4½ months; but at least four times each calendar year	7½ months; but at least twice each calendar year

Valero's pipeline crosses one railroad line by the Philadelphia Airport in a class 3 location. Valero failed to patrol its pipeline at the railroad crossing the required minimum four times per calendar year not to exceed 4½ months. The following patrolling information was noted during the PHMSA inspection:

According to Valero's patrol records for 2005, 2006 and 2007, patrolling of the railroad crossing occurred on July 14, 2005 and November 21, 2005 (2 times in 2005); January 20, 2006, April 20, 2006 and October 11, 2006 (three times in 2006), and on May 1, 2007. The maximum 4 ½ month interval between patrols was also exceeded in 2005, 2006, and through the first patrol in 2007.

3. §192.745 Valve maintenance: Transmission lines.

a) Each transmission line valve that might be required during any emergency must be inspected and partially operated at intervals not exceeding 15 months, but at least once each calendar year.

During 2006, Valero failed to perform the annual maintenance on two valves required during an emergency.

Evidence for this probable violation is Valero records for valves 2A and 2B that are adjacent to the Paulsboro, NJ Refinery.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violations and has recommended that you be preliminarily assessed a civil penalty of \$42,000 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$14,000
2	\$14,000
3	\$14,000

Response to this Notice

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.

In your correspondence on this matter, please refer to CPF 1-2007-1013 and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



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

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