

WARNING LETTER

VIA ELECTRONIC MAIL TO: Cjorda@citgo.com; Sbuckner@citgo.com

November 5, 2020

Mr. Carlos E. Jordá
Vice President, Supply and Marketing
Citgo Petroleum Corporation
1293 Eldridge Parkway
Houston, TX 77077

CPF 3-2020-5030W

Dear Mr. Jordá:

From June 16 to 20, 2019, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected the Citgo Petroleum Corporation's (Citgo) assets and records associated with Citgo's East Chicago Terminal in East Chicago, Indiana.

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

1. § 195.446 Control room management.

(a) . . .

(c) *Provide adequate information.* Each operator must provide its controllers with the information, tools, processes and procedures necessary for the controllers to carry out the roles and responsibilities the operator has defined by performing each of the following:

Citgo failed to provide its controllers with the information necessary for the controllers to carry out roles and responsibilities that the operator has defined. During the inspection, the screens on the SCADA system in Citgo's control room in Bryan, TX and the automation system in East Chicago Terminal displayed identical identification numbering for two motor operated valves. However, this numbering is inconsistent with the remote identification numbering found in the field.

Specifically, two valves (No. 12 and 13 as identified by their actual field equipment tags) at the Buckeye Bullpen (located on W Columbus Drive – outside the terminal) were manipulated during the PHMSA inspection of the terminal and associated assets. However, the same two valves are identified by the terminal and control center screens as valves No. 2 and 5 respectively. The operator indicated that the mainline block valves have a numbering system separate (and different) from what is shown on the screens since there is a relatively small number of mainline valves but dozens of manifold valves. However, differences in the identification of components between the field and Citgo's screens do not provide the controllers with adequate and consistent information in order to promptly react to emergency or abnormal operating conditions. Proper identification and operation of the correct equipment by the controller is critical to the safe operation of the pipeline system.

2. § 195.446 Control room management.

(a) . . .

(f) *Change management.* Each operator must assure that changes that could affect control room operations are coordinated with the control room personnel by performing each of the following:

(1) . . .

(2) Require its field personnel to contact the control room when emergency conditions exist and when making field changes that affect control room operations.

Citgo's field personnel failed to contact the control room when making field changes that affect control room operations. During the field inspection, PHMSA requested to observe a valve at the Buckeye Bullpen being moved in three modes: (1) remote operation by the Control Room in Bryan, Texas; (2) local operation by the onsite field operator accompanying PHMSA; and (3) manual turning. Citgo's field personnel had the call to the control room on speaker phone in order to allow for the PHMSA inspectors to listen to the conversation.

During the performance of the three operational modes, the phone conversations and coordinational activities that took place immediately prior, during, and after the performance of each mode occurred between the field operator and the terminal operator. However, the terminal operator did not make a hold request at any time to contact the Control Room. Further, the remote operation of the valves was completed by the terminal operator (local controller) instead of the remote controller at the Control Room.

Following the field observation, Citgo indicated that terminal operator (local controller) usually does not operate those valves and that the control room in Bryan, Texas was notified by the terminal before sending the remote commands for opening and closing the valves. Citgo also indicated that they were going to make some modifications to the terminal operation and procedures so that the local operators could not start and stop pumps nor move the Buckeye Bullpen valves.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 3-2019-5028W**. 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).

Sincerely,

Gregory A. Ochs
Director, Central Region, OPS
Pipeline and Hazardous Materials Safety Administration

Cc:
Scott Buckner
Regional EHSS Manager
CITGO Petroleum Corporation
2316 Terminal Drive
Arlington Heights, IL 60005
P: 847.867.2420
Sbuckner@citgo.com