

## **WARNING LETTER**

### **CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

April 9, 2014

Mr. Rodney Reese, Vice President  
Valero Terminaling and Distribution Company  
One Valero Way  
San Antonio, Texas 78249

**CPF 4-2014-5007W**

Dear Mr. Reese:

On December 9-12, 2013 and January 20-22, 2014, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Valero Terminaling and Distribution Company (Valero) Turpin Crude pipeline system and Valero Pipeline Control Center in Perryton, Texas and San Antonio, Texas.

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

**1. §195.428 Overpressure safety devices and overfill protection systems**

**(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.**

Valero exceeded the 15 month inspection interval for its Sunray Station high pressure shut down switch by 38 days. Based on records reviewed at Valero's Perryton office, it was observed that Sunray Station's high pressure shut down switch was inspected on May 9, 2012. The subsequent inspection of the high pressure shutdown switch was performed on September 16, 2013.

**2. §195.446 Control room management.**

**(e) Alarm management. Each operator using a SCADA system must have a written alarm management plan to provide for effective controller response to alarms. An operator's plan must include provisions to:**

**(5) Monitor the content and volume of general activity being directed to and required of each controller at least once each calendar year, but at intervals not exceeding 15 months, that will assure controllers have sufficient time to analyze and react to incoming alarms**

Valero did not provide documentation for the calendar years 2012 and 2013, that the content and volume of general activity being directed to and required of each controller was being monitored at least once each calendar year not to exceed 15 months. Valero commissioned a Workload Analyses of the San Antonio Pipeline Control Center that was finalized November 16, 2011. The next documented Workload Analysis was completed on March 6, 2014.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the items identified in this letter. Failure to do so will result in Valero being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 4-2014-5007W**. 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,

R. M. Seeley  
Director, Southwest Region  
Pipeline and Hazardous Materials Safety Administration