

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 10, 2015

Mr. Richard Lashway
President and Chief Operating Officer
Valero Partners Operating Co. LLC
One Valero Way
San Antonio, Texas 78249

CPF 2-2015-5002W

Dear Mr. Lashway:

On November 17-20, 2014, and February 2-3, 2015, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Southern Region, Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code inspected the Valero Partners Operating Company (Valero) records and pipeline facilities in San Antonio, Texas, Byhalia, Mississippi, and Memphis, Tennessee.

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

1. §195.208 Welding of supports and braces.

Supports or braces may not be welded directly to pipe that will be operated at a pressure of more than 100 p.s.i. (689 kPa) gage.

Valero's Shorthorn Pipeline, which operates above 100 psi, had supports welded directly to aboveground pipe at the origin of the pipeline.

2. §195.432 Inspection of in-service breakout tanks.

... (b) Each operator must inspect the physical integrity of in-service atmospheric and low-pressure steel aboveground breakout tanks according to API Standard 653 (incorporated by reference, *see* § 195.3). However, if structural conditions prevent access to the tank bottom, the bottom integrity may be assessed according to a plan included in the operations and maintenance manual under § 195.402(c)(3).

Valero did not inspect the physical integrity of its aboveground steel breakout Tank 813, West Memphis, Arkansas, according to API Standard 653.

Valero conducted an API internal inspection of Tank 813 in accordance with API 653, Section 6.4 from October 9-11, 2008. Valero then conducted an external inspection of Tank 813 on March 17, 2014, in accordance with API 653, paragraph 6.3.2. This exceeded the 5-year inspection interval required by API 653.

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 item(s) 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 2-2015-5002W**. 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,

Wayne T. Lemoi
Director, Office of Pipeline Safety
PHMSA Southern Region