

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 25, 2009

Mr. Kent Powers
General Manager
CITGO Petroleum Corporation
1293 Eldridge Parkway
Houston, Texas 77077

CPF 3-2009-5012W

Dear Mr. Powers:

On December 15-17, 2008, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your East Chicago Terminal in East Chicago, Indiana.

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

1. §195.505 Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

- (b) Ensure through evaluation that individuals performing covered tasks are qualified;**

CITGO failed to adequately evaluate an individual to ensure that the individual was qualified to perform the covered task of taking pipe-to-soil potential measurements of cathodic protection. On December 17, 2008, a PHMSA inspector conducted a field operator qualification inspection at the East Chicago Terminal, East Chicago, IN. A contract individual working for CITGO performed the covered task of taking pipe-to-soil potential measurements. The inspector asked basic questions of the individual to determine his knowledge. The individual could not properly identify where to place the half cell in relation to the pipe when taking the reading. In addition, the individual did not know the importance of checking the half cell with another one to verify half cell accuracy. Due to this lack of basic knowledge regarding this covered task, the inspector determined that the individual was not qualified for the task and had not been adequately evaluated.

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. 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 CITGO Petroleum Corporation 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 3-2009-5012W**. 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,

Ivan A. Huntoon
Director, Central Region
Pipeline and Hazardous Materials Safety Administration