

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 4, 2017

Mr. Jim Sanders
Citgo Products Pipeline Company
General Manager – Terminals and Pipelines
1293 Eldridge Parkway
Houston, Texas 77077

CPF 4-2017-5010W

Dear Mr. Sanders:

On October 7, 2016, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code initiated an investigation for the accident that occurred at Citgo Products Pipeline Company (Citgo), Mont Belvieu Station in Mont Belvieu, Texas.

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

1. §195.52 Immediate notice of certain accidents.

(a) Notice requirements. At the earliest practicable moment following discovery of a release of the hazardous liquid or carbon dioxide transported resulting in an event described in § 195.50, the operator of the system must give notice, in accordance with paragraph (b) of this section, of any failure that:

(2) Resulted in either a fire or explosion not intentionally set by the operator;

Citgo failed to provide immediate notice following discovery of an accident at their Mont Belvieu facility on October 7, 2016. Telephonic notification was made to the National Response Center (NRC) at 2153 CST, for the accident that occurred at 1735 CST. This documents a 4 hr 18 min response time to contact the NRC. According to 195.52(a), as soon as practicable would have resulted in notification within a two hour time frame.

The NRC recorded the elapsed time as 4 hrs. 18 mins; while the written Accident Report - Hazardous Liquid Pipeline Systems Form PHMSA F7000.1 (submitted by Citgo) recorded the elapsed time as 4 hrs. 3 mins.

2. §195.54 Accident reports.

(a) Each operator that experiences an accident that is required to be reported under § 195.50 must, as soon as practicable, but not later than 30 days after discovery of the accident, file an accident report on DOT Form 7000-1.

Citgo failed to file the written accident report on DOT Form 7000-1 within thirty days following the accident that occurred on October 7, 2017, at their Mont Belvieu facility. Citgo filed their written DOT Form 7000-1 34 days after the accident.

DOT Accident Report -Hazardous Liquid Pipeline Systems Form PHMSA F7000-1 was submitted by Citgo on November 10, 2016. The accident occurred on October 7, 2016. The submittal occurred 34 days after the accident, therefore exceeding the 30 day requirement per the code.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$205,638 per violation per day the violation persists up to a maximum of \$2,056,380 for a related series of violations. For violation occurring between January 4, 2012 to August 1, 2016, 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. 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 Citgo 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 4-2017-5010W**. 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
Pipeline and Hazardous Materials Safety Administration