

WARNING LETTER

ELECTRONIC MAIL - RETURN RECEIPT REQUESTED

June 28, 2022

Fred Hampton
Executive Vice President
Valero Partners Operating Company, LLC
One Valero Way
San Antonio, Texas 78249

CPF 4-2022-042-WL

Dear Mr. Hampton:

From July 27, 2021, through September 24, 2021, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Valero Partners Operating Company LLC's (Valero) Beaumont, Texas and Memphis, Tennessee area facilities.

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

1. §195.54 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.

Valero failed to submit, as soon as practicable, but not later than 30 days after discovery of an accident DOT Form 7000-1. On January 1, 2020, a reportable accident occurred on the suction line to Tank 79 in the Collierville, MS pump station. DOT Form 7000-1 was not filed until May 16, 2020, 133 days after the accident occurred.

2. §195.412 Inspection of rights-of-way and crossings under navigable waters.

(a) Each operator shall, at intervals not exceeding 3 weeks, but at least 26 times each calendar year, inspect the surface conditions on or adjacent to each pipeline right-of-way. Methods of inspection include walking, driving, flying or other appropriate means of traversing the right-of-way.

Valero failed to inspect the surface conditions on or adjacent to the Davidson Road Main Line Valve (MLV) right-of-way (ROW). Valero utilized aerial patrol to fly the ROW to inspect its inspection to observe the surface conditions. At the time of the inspection, the ROW was covered with high grass and weeds, and the vegetative growth would making it impossible to observe the surface conditions. Following the inspection, Valero cleared the ROW and submitted a photo to PHMSA on November 30, 2021.

3. §195.412 Inspection of rights-of-way and crossings under navigable waters.

(b) Except for offshore pipelines, each operator shall, at intervals not exceeding 5 years, inspect each crossing under a navigable waterway to determine the condition of the crossing.

Valero failed to inspect each pipeline crossing under navigable waterways to determine the condition of the crossing at the required 5-year interval for its Mississippi River crossing. PHMSA reviewed the inspection record for the Mississippi River crossing and found the last inspection was completed on 11/04/1999. The Mississippi River crossing was directionally drilled in 1999 with a minimum depth of soil cover over the pipeline of 53.1 feet. Following the PHMSA inspection, Valero performed a survey on 10/29/2021 for the Mississippi River crossing and found the profile of the pipeline had a change of up to 20 feet.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,412 for a related series of violations. For violation occurring on or after May 3, 2021 and before March 21, 2022, the maximum penalty may not exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violations occurring on or after January 11, 2021, and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violations occurring on or after July 31, 2019, and before January 11, 2021, the maximum penalty may not 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 violations 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 violations 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.

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 Partners Operating Co., LLC 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 4-2022-042-WL**. 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,

Mary L. McDaniel, P.E.
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration

cc: Darin Banther, Manager Regulatory Compliance, Darin.Banther@valero.com