



U.S. Department
of Transportation

Eastern Region-PHP-100
Office of Pipeline Safety

409 3rd St. S.W.
Suite 300
Washington, D.C. 20024

Pipeline and
Hazardous Materials
Safety Administration

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 11, 2008

John Pickering
Vice President and General Manager
Valero Energy Corporation
One Valero Way
San Antonio, TX 78249-1616

CPF 1-2008-1001W

Dear Mr. Pickering:

During the week of May 29, 2007, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your natural gas transmission pipeline in Paulsboro, New Jersey.

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 is:

1. **§192.465 External corrosion control: Monitoring.**
 - (a) **Each pipeline that is under cathodic protection must be tested at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of §192.463.**

Review of Valero Natural Gas Pipeline Company's (Valero) 2005 electrical survey records and the 2006 Close Interval Survey indicate that Valero failed to take annual corrosion control

readings at two test stations, one underlying the Philadelphia, PA Airport taxiway in 2005 and the other at the Paulsboro, NJ Refinery in 2006.

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 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 1-2008-1001W**. 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,

For Mark Mentonoff

Byron E. Coy, PE
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration