NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER

OVERNIGHT EXPRESS DELIVERY

August 30, 2024

Mr. Carlos Jordá
President and Chief Executive Officer
Citgo Petroleum Corporation (Terminals)
1289 Eldridge Parkway
Houston, Texas 77077

CPF 1-2024-035-NOPV

Dear Mr. Jordá:

From August 7, 2023 through August 31, 2023, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.) conducted an integrated inspection of Citgo Petroleum Corporation Terminals' (Citgo) facilities in Linden, New Jersey.

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

1. § 195.310 Records.

(a) A record must be made of each pressure test required by this subpart, and the record of the latest test must be retained as long as the facility tested is in use.

(b) The record required by paragraph (a) of this section must include:

(1) The pressure recording charts;

(2) Test instrument calibration data;

(3) The name of the operator, the name of the person responsible for making the test, and the name of the test company used, if any;

(4) The date and time of the test;
(5) The minimum test pressure;
(6) The test medium;
(7) A description of the facility tested and the test apparatus;
(8) An explanation of any pressure discontinuities, including test failures, that appear on the pressure recording charts;
(9) Where elevation differences in the section under test exceed 100 feet (30 meters), a profile of the pipeline that shows the elevation and test sites over the entire length of the test section; and
(10) Temperature of the test medium or pipe during the test period.

Citgo failed to make and retain a complete record of each pressure test in accordance § 195.310(a) and (b). Specifically, Citgo failed to make and retain a record of the latest pressure test for pipeline segment 279-I at its Linden, New Jersey facility, that includes the information required by § 195.310(b).

During the inspection, PHMSA requested pressure test records for pipeline segment 279-I. Citgo provided, *Humitex Phantom Chart,* dated 09/19/94 (Pressure Chart). The Pressure Chart, however, was only a pressure recording chart and failed to include the required information contained within § 195.310(b). The Pressure Chart failed to include: test instrument calibration data, the name of the operator, the name of the test company used, the date and time of the test, the minimum test pressure, the test medium, a description of the facility tested and the test apparatus, an explanation of any pressure discontinuities, including test failures (if any), elevation differences in the section under test exceed 100 feet a profile of the pipeline that shows the elevation and test sites over the entire length of the test section, temperature of the test medium or pipe during the test period. The Pressure Chart also did not contain any information related to if visual inspection for leakage was performed during the testing, which impacts the required length of the test pursuant to § 195.304. Furthermore, the Pressure Chart failed to include any reference or way to ascertain the name of the pipeline segment 279-I at the Linden facility.

When PHMSA asked where this information was documented, Citgo stated this is the only record that was found. Citgo was unable to provide any further original or subsequent pressure test records for this pipeline segment.

Therefore, Citgo failed to retain the latest pressure test for pipeline segment 279-I at its Linden, New Jersey facility, in accordance with § 195.310(a) and (b).

2. § 195.402 Procedural manual for operations, maintenance, and emergencies.

> **(a) *General*. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.**

Citgo failed to follow its manual of written procedures required under § 195.402(a). Specifically, Citgo failed to follow its *OM Manual - Section J - Inspection and Maintenance,* dated 09/23/2023 (OM – Section J) for documenting its routine in-service inspections of breakout tanks conducted pursuant to § 195.432(b).

Section 195.432(b) requires in part that "[e]ach operator must inspect the physical integrity of in-service atmospheric and low-pressure steel above-ground breakout tanks according to API Std 653 (except section 6.4.3, Alternative Internal Inspection Interval) (incorporated by reference, see §195.3)."

During the inspection, PHMSA requested routine in-service inspection records of breakout tanks under § 195.432(b) for calendar years 2021 through 2023 at its Linden, New Jersey facility. Citgo provided the *CPL-10 – Inspection Report for Aboveground Storage Tanks,* dated 2021 – 2023 (Monthly Records). Citgo's OM – Section J required the completion of its CPL-10 form (or equivalent) to document its routine in-service inspections. The CPL-10 included additional requirements in its instructions for Citgo to use individual forms for tanks marked "Yes" or "Unsatisfactory" items. The following dates from the Monthly Records indicated either "Yes", "Unsatisfactory", or incomplete data in the CPL-10 form: 10/17/21, 03/18/22, 05/22.

When PHMSA inquired about which tanks these referenced to and where the additional individual forms were located, Citgo stated that they were unaware which tanks these applied to and that no additional inspection forms were available.

Therefore, Citgo failed to follow its manual of written procedures for documenting its routine in-service inspections of breakout tanks conducted pursuant to § 195.432(b), in accordance with § 195.402(a).

3. § 195.402 Procedural manual for operations, maintenance, and emergencies.

(a) *General.* Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

Citgo failed to follow its manual of written procedures. Specifically, Citgo failed to follow its *O&M Manual Section J– Inspection and Maintenance,* dated 09/23/22 (OM – Section J) for conducting its annual firefighting extinguisher inspections for calendar years 2020 through 2022 pursuant to § 195.430(a).

Section 195.430(a) requires that operators shall maintain adequate firefighting equipment at each pump station and breakout tank area and that the equipment must be "[i]n proper operating condition at all times."

The OM – Section J, addresses inspection requirements for firefighting equipment. Page J-37, addressing the annual maintenance check for fire extinguishers stated in part, "[t]he annual maintenance check includes, for example, a complete examination of all its part, cleaning, replacement or defective parts, reassembly, recharging and where appropriate, repressurization … Record the maintenance in the appropriate box located on the extinguisher label and on the permanent file by signing your initials followed by a[n] X." Additionally, the OM – Section J included an annual maintenance checklist.

During the inspection, PHMSA requested records related to annual firefighting extinguisher inspections for calendar years 2020 through 2022 at its Linden, New Jersey facility. Citgo failed to provide any subsequent records. When PHMSA asked where the records are located, Citgo discussed that they just maintain a tag on the device and have no annual inspection records.

Therefore, Citgo failed to follow its manual of written procedures for conducting and documenting its annual firefighting extinguisher inspections for calendar years 2020 through 2022, in accordance with § 195.402(a), pursuant to § 195.430(a).

4. § 195.402 Procedural manual for operations, maintenance, and emergencies.

(a) *General*. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

Citgo failed to conduct an annual review of its operations and maintenance manual at intervals not exceeding 15 months but at least once each calendar year. Specifically, Citgo failed to conduct an adequate annual review of its operations and maintenance manual for calendar years 2020, 2021 and 2022, in accordance with § 195.402(a).

During the inspection, PHMSA requested annual review records of the operations and maintenance manual for calendar years 2020 through 2022 at its Linden facility. Citgo provided the *Operations & Maintenance / Emergency Procedures Plans/ OQ Plan Review Record,* dated 12/15/22, 11/4/21 and 01/22/20. When PHMSA inquired about whether the annual review covers the Citgo integrity management manual as well as all incorporated by reference documents, Citgo discussed that the annual review only covers operations and maintenance, emergency plans, and operator qualification plans.

Furthermore, Citgo provided the *Integrity Management Program for Hazardous Liquid Pipelines – TPL-EPCC-LIMP,* dated 10/01/22 (LIMP). The LIMP stated in part "Review Cycle – 5 Years". The LIMP states an incorrect frequency for review, as it is required to be a part of the operations and maintenance manual pursuant to § 195.402(c)(3)[a] and thus subject to the review frequency of § 195.402(a).

Therefore, Citgo failed to conduct an adequate annual review of its operations and maintenance manual for calendar years 2020, 2021 and 2022, in accordance with § 195.402(a).

5. § 195.402 Procedural manual for operations, maintenance, and emergencies.

(a) …

(c) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(1) …

(13) Periodically reviewing the work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found.

[a] Under § 195.402(c)(3), the manual required by paragraph (a) of this section must include the procedures addressing "[o]perating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part."

Citgo failed to conduct periodic reviews of the work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found as required by § 195.402(c)(13). Specifically, Citgo failed to provide records or other documentation that demonstrated the work done by operator personnel was reviewed to determine the effectiveness of the procedures used in normal operations, or what corrective actions were taken if any deficiencies were found, in calendar years 2020, 2021, and 2022.

During the inspection, PHSMA requested records related to § 195.402(c)(13) for calendar years 2020 through 2022 at its Linden, New Jersey facility. Citgo provided *Annual Review of Employee Performance,* dated 2020, 2021 and 2022 (Performance Reviews). The Performance Reviews, however, indicated an annual review of individual employees' job performance, and did not contain an effectiveness review of procedures pursuant to § 195.402(c)(13). The Performance Reviews failed to indicate what effectiveness reviews were conducted of the work done, what procedure was reviewed by operator personnel in normal operation and maintenance tasks, when the task was completed and what corrective actions were taken if any deficiencies were found.

Therefore, Citgo failed to conduct periodic reviews of the work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found in calendar years 2020, 2021 and 2022 in accordance with § 195.402(c)(13).

6. § 195.403 Emergency response training.

(a) …

(c) Each operator shall require and verify that its supervisors maintain a thorough knowledge of that portion of the emergency response procedures established under 195.402 for which they are responsible to ensure compliance.

Citgo failed to require and verify that its supervisors maintain a thorough knowledge of that portion of the emergency response procedures established under § 195.402 for which they are responsible for ensuring compliance. Specifically, Citgo failed to provide adequate records demonstrating compliance with § 195.403(c) for calendar years 2018 through 2022.

During the inspection PHMSA requested emergency response supervisor training records for calendar years 2018 through 2022. Citgo provided its *Facility Response Plan Annual Review,* dated 2017 – 2022 (FRP Review). The FRP Review did not include any specific details regarding how Citgo requires and verifies that its supervisors are knowledgeable of the emergency response procedures for which they are responsible for, any references to § 195.403(c), or any other information on how and where these requirements are documented. The FRP Review did not demonstrate that Citgo verified that its supervisors maintain a thorough knowledge of that portion of the emergency response procedures established under § 195.402 for which they are responsible to ensure compliance.

Furthermore, Citgo stated that there are five (5) personnel who are emergency response supervisors. The FRP Review, however, only noted one (1) individual as part of the designated review. When PHMSA requested additional information regarding verification of all five (5) personnel, Citgo did not provide further records or details.

Therefore, Citgo failed to require and verify that its supervisors maintain a thorough knowledge of that portion of the emergency response procedures established under § 195.402 for which they are responsible for ensuring compliance during calendar years 2018 through 2022, in accordance with § 195.403(c).

7. § 195.406 Maximum operating pressure.

> **(a) Except for surge pressures and other variations from normal operations, no operator may operate a pipeline at a pressure that exceeds any of the following:**
>
> **(1) The internal design pressure of the pipe determined in accordance with § 195.106. However, for steel pipe in pipelines being converted under § 195.5, if one or more factors of the design formula (§ 195.106) are unknown, one of the following pressures is to be used as design pressure**
>
> **(i) Eighty percent of the first test pressure that produces yield under section N5.0 of appendix N of ASME/ANSI B31.8 (incorporated by reference, see § 195.3), reduced by the appropriate factors in §§ 195.106 (a) and (e); or**
>
> **(ii) If the pipe is 123⁄4 inch (324 mm) or less outside diameter and is not tested to yield under this paragraph, 200 p.s.i. (1379 kPa) gage.**
>
> **(2) The design pressure of any other component of the pipeline.**
>
> **(3) Eighty percent of the test pressure for any part of the pipeline which has been pressure tested under subpart E of this part.**
>
> **(4) Eighty percent of the factory test pressure or of the prototype test pressure for any individually installed component which is excepted from testing under § 195.305.**
>
> **(5) For pipelines under §§ 195.302(b)(1) and (b)(2)(i) that have not been pressure tested under subpart E of this part, 80 percent of the test pressure or highest operating pressure to which the pipeline was subjected for 4 or more continuous hours that can be demonstrated by recording charts or logs made at the time the test or operations were conducted.**

Citgo failed to maintain adequate records that demonstrate that the maximum operating pressure (MOP) of its jurisdictional pipeline segments were determined in accordance with § 195.406(a). Specifically, Citgo failed to maintain adequate records demonstrating the internal design pressure of the pipe and the pipeline components were pursuant to § 195.406(a) to support its MOP determination for the 279-A, 279-B, 279-C, 279-D, 279-E, 279-F, 279-G, 279-H and 279-I pipeline segments located at the Linden, New Jersey facility.

During the inspection, PHMSA requested records to support the MOP of the pipelines as well as records to support the design pressure of the components of the pipelines. Citgo provided the *195.406 – Maximum Operating Pressure,* dated 08/20/13 (MOP Record).

Citgo did not provide compliant documentation related to the design pressures of any component in the pipeline system. The MOP Record did not demonstrate compliance to § 195.406(a)(2) as it failed to be supported and verified by traceable and complete records. Furthermore, Citgo's MOP document incorrectly used 35,000 psi as the yield strength for each of the nine (9) pipeline segments, as Citgo was unable to verify this assumption was accurate through any traceable and verifiable record.

When PHMSA requested further information and requested to discuss the information with the subject matter experts who compiled the MOP Record, Citgo confirmed such employees are currently with Citgo, however, Citgo did not make these employees available during the inspection. Citgo personnel were unable to provide any further information. Citgo discussed that the calculations are present in the MOP Record and the operating pressure is below MOP. Citgo failed to present further documentation to confirm the values or that all the factors in § 195.406(a) had been accounted for in its calculations.

Therefore, Citgo failed to maintain adequate records to support its MOP determination of the 279-A, 279-B, 279-C, 279-D, 279-E, 279-F, 279-G, 279-H and 279-I pipeline segments located at the Linden, New Jersey facility, pursuant to § 195.406(a).

8. § 195.428 Overpressure safety devices and overfill protection systems.

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7 1⁄2 months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

Citgo failed to inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment at intervals not exceeding 15 months, but at least once each calendar year, to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used. Specifically, Citgo failed to adequately document its overpressure relief valve inspections for calendar years 2021 through 2023, to determine that they are functioning properly, are in good mechanical condition, and are adequate from the standpoint of capacity and reliability of operation for the service in which it is used, in accordance with § 195.428.

During the inspection, PHMSA requested overpressure safety device records for calendar years 2021 through 2023. Citgo provided, *Checklist for Safety Device Inspection,* dated 2015 through 2022 (OPP Records). The OPP Records addressed a variety of pressure transmitters, pressure switches and thermal relief devices on its pipelines and devices associated with breakout tanks. The OPP Records form required a checkbox selection to be made on if the safety device's "Operation", "Mechanical", "General Condition", "Initial Test" "Calibration" and "Recalibration" were satisfactory or unsatisfactory. However, the OPP Records failed to indicate how the thermal relief devices and pressure transmitters were tested, and whether they were adequate from the standpoint of capacity and reliability. When PHMSA asked where this data was found on the OPP Records, Citgo stated they are unaware of what conditions are met to rate an overpressure safety device as satisfactory or unsatisfactory.

Therefore, Citgo failed to adequately document its overpressure relief valve inspections during calendar years 2021 through 2023, to determine that they are functioning properly, are in good mechanical condition, and are adequate from the standpoint of capacity and reliability of operation for the service in which it is used, in accordance with § 195.428.

9. § 195.446 Control room management.

> **(a) …**
>
> **(c) *Provide adequate information*. Each operator must provide its controllers with the information, tools, processes and procedures necessary for the controllers to carry out the roles and responsibilities the operator has defined by performing each of the following:**
>
> **(1) …**
>
> **(3) Test and verify an internal communication plan to provide adequate means for manual operation of the pipeline safely, at least once each calendar year, but at intervals not to exceed 15 months;**

Citgo failed to test and verify its internal communication plan to provide adequate means for manual operation of the pipeline safely, at least once each calendar year, but at intervals not to exceed 15 months, in accordance with § 195.446(c)(3). Specifically, Citgo failed to provide records that demonstrate it tested and verified its internal communication plan at least once each calendar year, but at intervals not to exceed 15 months during calendar years 2020 and 2021 at its Linden, New Jersey, pipeline facility.

During the inspection, PHMSA requested records for calendar years 2020 and 2021 related to the testing of the internal communication plan at the Linden, New Jersey facility. Citgo provided the *SCADA Communication Outage Byran Control Center record,* dated 04/03/20 and 04/11/21 (SCADA Records). The SCADA Records were loss of power communication events that occurred at the main control center in Bryan, Texas, and were not associated in any way to the Linden, New Jersey pipeline systems, nor did they demonstrate testing of the internal communication plan. When PHMSA requested additional information about how the SCADA Records demonstrate testing of the internal communication plan in place at Linden, Citgo discussed how they use actual events in lieu of testing. The events, however, did not occur at the Linden pipeline systems and therefore cannot be used to demonstrate testing the actual communication plan that is in place at the facility. The events did not demonstrate a full test and verification for the manual operation of the pipeline.

Therefore, Citgo failed to test and verify its internal communication plan to provide adequate means for manual operation of the pipeline safely, at least once each calendar year, but at intervals not to exceed 15 months during calendar years 2020 and 2021 at its Linden, New Jersey pipeline facility, in accordance with § 195.446(c)(3).

10. § 195.589 What corrosion control information do I have to maintain?

(a) ….

(c) You must maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist. You must retain these records for at least 5 years, except that records related to §§ 195.569, 195.573(a) and (b), and 195.579(b)(3) and (c) must be retained for as long as the pipeline remains in service.

Citgo failed to maintain adequate records of each atmospheric corrosion inspection required by § 195.583(a) in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist, in accordance with § 195.589(c). Specifically, Citgo failed to have adequate records for its calendar year 2020 and 2023 atmospheric corrosion inspections indicating it inspected "each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion" as required by § 195.583(a) and § 195.589(c).

During the inspection, PHMSA requested records related to atmospheric corrosion inspections for the Linden terminal. Citgo provided the following documents (Atmospheric Records):

- *Linden Coatings Inspection – Warner Terminal,* dated 4/13/20
- *Linden Coatings Inspection – Tremley Terminal,* dated 4/13/20
- *Linden Coatings Inspection – Warner Terminal,* dated 3/27/23
- *Linden Coatings Inspection – Tremley Terminal,* dated 3/27/23
- *Impact – TPL- AEP- CPP Atmospheric Coating Inspection, d*ated 04/23/20

The Atmospheric Records included a small sample of dry film thickness readings of the existing coating, and photographs of some areas inspected. However, the Atmospheric Records lacked sufficient details to demonstrate the adequacy of corrosion control measures, such as a grading scale or the corrosion condition of individual pipe segments. Citgo indicated that it only documents areas that are problematic, and if there are no issues, they do not document an inspection of the pipe segment.

Therefore, Citgo failed to have records indicating it inspected "each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion" as required by § 195.583(a). Citgo failed to maintain adequate records of 2020 and 2023 atmospheric corrosion inspections, in accordance with § 195.589(c).

11. § 195.589 What corrosion control information do I have to maintain?

(a) ….

(c) You must maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist. You must retain these records for at least 5 years, except that records related to §§ 195.569, 195.573(a) and (b), and 195.579(b)(3) and (c) must be retained for as long as the pipeline remains in service.

Citgo failed to maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by subpart H of Part 195 in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist. Specifically, Citgo failed to maintain adequate tank bottom lining installation records on nine (9) aboveground breakout tanks built to API Standard 650 pursuant to API RP 652, in accordance with § 195.579(d) and § 195.589(c).

During the inspection, PHMSA requested breakout tank lining install records for tanks built after 10/02/00. Citgo stated that 24 breakout tanks at its Linden facility had linings installed after 10/02/00. When PHMSA requested records demonstrating the installations were in accordance with API RP 652 under § 195.579(d), Citgo did not provide any records and no documentation was made available.

Subsequent to the inspection, Citgo provided *West Virginia Paint LLC Letter,* dated 08/30/23 (2) (WV Letters) and *West Virginia Paint LLC – Holiday Test Report photograph records,* dated 2018-2023 (Coating Records). The WV Letter indicated installation dates for linings on the 24 tanks, which included nine (9) tanks with installations in the preceding 5 years. However, the WV Letters were developed after the inspection and did not verify via substantive records that tank linings for these nine (9) tanks were installed in accordance with API RP 652. Additionally, the Coating Records demonstrated a lining was installed or repaired on nine (9) tanks, eight (8) of which were installed in the preceding five years. When PHSMA asked Citgo where the remaining records were located, Citgo stated that the provided forms are the available records that have been located, and that others may have been lost or destroyed during Hurricane Sandy.

When PHMSA asked Citgo if the procedures noted why compliance with all or certain provisions of API RP 652 is not necessary for the safety of the tank under § 195.579(d), Citgo provided *OM Manual - Section K- Corrosion Control,* dated 08/31/2022 (OM - Section K) and *Protective Coatings and Linings - TPL-PT-100,* dated 02/23/2023 (PT-100). OM - Section K and PT-100, however, did not indicate any further procedures as to how or why compliance with certain provisions of API RP 652 was not necessary for the safety of the applicable breakout tanks.

Therefore, Citgo failed to maintain adequate tank bottom lining installation records for nine (9) aboveground breakout tanks built to API Std 650 pursuant to API RP 652, in accordance with § § 195.579(d) and 195.589(c).

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed $266,015 per violation per day the violation persists, up to a maximum of $2,660,135 for a related series of violations. For violation occurring on or after January 6, 2023 and before December 28, 2023, the maximum penalty may not exceed $257,664 per violation per day the violation persists, up to a maximum of $2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022 and before January 6, 2023, the maximum penalty may not 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 violation 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 violation 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 violation 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.

We have reviewed the circumstances and supporting documentation involved for the above probable violation and recommend that you be preliminarily assessed a civil penalty of $ 66,600 as follows:

Item number	PENALTY
3	$ 66,600

Proposed Compliance Order

With respect to Items 1 and 7, pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Citgo Petroleum Corporation (Terminals). Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Items

With respect to Items 2, 4, 5, 6, 8, 9, 10, and 11, 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 promptly correct these items. Failure to do so may result in additional enforcement action.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement Proceedings*. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be 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).

Following your receipt of this Notice, you have 30 days to respond as described in the enclosed *Response Options*. If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. The Region Director may extend the period for responding upon a written request timely submitted demonstrating good cause for an extension.

In your correspondence on this matter, please refer to **CPF 1-2024-035-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Robert Burrough
Director, Eastern Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Citgo Petroleum Corporation (Terminals) (Citgo) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Citgo with the pipeline safety regulations:

A. In regard to Item 1 of the Notice pertaining to the failure to maintain pressure test records for pipeline segment 279-I, Citgo must review the entirety of its historical records and provide a written justification which confirms the pipeline had a valid pressure test conducted meeting the requirements of 49 CFR Part 195, Subpart E within 60 days of receipt of the Final Order. If unable to confirm through records that a pressure test complies with § 195.310(b)(1)-(10), Citgo must conduct a pressure test on the pipeline and create and submit compliant records to the Director, Eastern Region within 120 days of receipt of the Final Order.

B. In regard to Item 7 of the Notice pertaining to the failure to maintain adequate records supporting and demonstrating the calculation of maximum operating pressure (MOP), Citgo must review the entirety of its historical records and pipe characteristics and provide a written justification which confirms the MOP of the nine (9) pipeline segments described in Item 8 in accordance with 49 C.F.R. § 195.406(a)(1)-(5), within 60 days of receipt of the Final Order. If unable to confirm through records that this MOP is valid and complies with § 195.406(a)(1)-(5), Citgo must take additional measures on the pipeline such as investigating its pipe characteristics or reducing the pipeline MOP, until the pipeline MOP is able to be confirmed via compliant records. Citgo must submit its justification and/or documentation of remedial actions taken to the Director, Eastern Region within 60 days of receipt of the Final Order.

C. It is requested (not mandated) that Citgo Petroleum Corporation (Terminals) maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Robert Burrough, Director, Eastern Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.