



U.S. Department
of Transportation
**Pipeline and
Hazardous Materials
Safety Administration**

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Atlanta, GA 30303
404.832.1147

**NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER**

VIA ELECTRONIC MAIL: tampapc@outlook.com

May 1, 2026

Robert Rose
President
The Pipelines of Puerto Rico, Inc.
P.O. Box 15770
Sarasota, FL 34277

CPF 2-2026-001-NOPV

Dear Mr. Rose:

During multiple visits from December 4, 2023, through July 24, 2025, representatives 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.), inspected The Pipelines of Puerto Rico, Inc.'s (PLPR), facilities, records, and procedures in Cataño and San Juan, Puerto Rico.

As a result of those inspection activities, it is alleged that PLPR 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. **§ 195.402 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....
 - (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)

(12) Establishing and maintaining adequate means of communication with the appropriate public safety answering point (*i.e.*, 9-1-1 emergency call center), where direct access to a 9-1-1 emergency call center is available from the location of the pipeline, and fire, police, and other public officials. Operators must determine the responsibilities, resources, jurisdictional area(s), and emergency contact telephone numbers for both local and out-of-area calls of each Federal, State, and local government organization that may respond to a pipeline emergency, and inform the officials about the operator's ability to respond to the pipeline emergency and means of communication during emergencies. Operators may establish liaison with the appropriate local emergency coordinating agencies, such as 9-1-1 emergency call centers or county emergency managers, in lieu of communicating individually with each fire, police, or other public entity.

PLPR failed to comply with § 195.402(a) because it did not follow its manual of written procedures for conducting normal operations and maintenance activities. Specifically, PLPR failed to follow its written procedure requiring regular meetings and communications with emergency responders and public officials, established pursuant to § 195.402(c)(12).

Section 4.7 of the PLPR Operations and Maintenance (O&M) Manual (December 2022 revision), titled "Public Awareness," required Emergency Responder meetings to occur annually and communication with other public officials to occur every three years.

During the inspection, PHMSA requested records demonstrating compliance with this procedure. However, PLPR personnel were unable to provide records of any meetings, or any other supporting documentation of liaison activities (such as meeting invitations, attendance lists, or meeting agendas), for any year from 2018 through 2023. Consequently, PLPR failed to demonstrate that it followed its written procedures for conducting liaison activities for each of those calendar years.

2. § 195.420 Valve maintenance.

(a) Each operator shall maintain each valve that is necessary for the safe operation of its pipeline systems in good working order at all times.

PLPR failed to comply with § 195.420(a) because it did not maintain each valve that is necessary for the safe operation of its pipeline system in good working order at all times.

During the field inspection, PHMSA inspectors requested PLPR personnel to demonstrate a valve movement. Mainline Valve 3, located at Parque Central de San Juan and identified as necessary for the safe operation of the pipeline, failed a partial close test and was found to be inoperable. PLPR personnel commented at the time of the test that the valve malfunctioning was a common issue.

3. § 195.420 Valve maintenance.

(a)

(b) Each operator must, at least twice each calendar year, but at intervals not exceeding 7½ months, inspect each mainline valve to determine that it is functioning properly. Each rupture-mitigation valve (RMV), as defined in § 195.2 and not

contained in a gathering line, or alternative equivalent technology that is installed under § 195.258(c) or § 195.418, must also be partially operated. Operators are not required to close the valve fully during the inspection; a minimum 25 percent valve closure is sufficient to demonstrate compliance, unless the operator has operational information that requires an additional closure percentage for maintaining reliability.

PLPR failed to comply with § 195.420(b) because it did not inspect each mainline valve to determine that it is functioning properly at least twice each calendar year, but at intervals not exceeding 7.5 months.

During the inspection, PHMSA requested documentation demonstrating compliance with the referenced regulation. However, PLPR personnel were unable to provide inspection records, or any other documentation, to demonstrate that the required inspections were performed on any of its five mainline valves during the calendar year 2022. Consequently, PLPR failed to demonstrate that it inspected its mainline valves as required during that calendar year.

4. § 195.452 Pipeline integrity management in high consequence areas.

(a)

(f) *What are the elements of an integrity management program?* An integrity management program begins with the initial framework. An operator must continually change the program to reflect operating experience, conclusions drawn from results of the integrity assessments, and other maintenance and surveillance data, and evaluation of consequences of a failure on the high consequence area. An operator must include, at minimum, each of the following elements in its written integrity management program:

(1) A process for identifying which pipeline segments could affect a high consequence area;

PLPR failed to comply with § 195.452(f)(1) because its Integrity Management (IM) Program did not include a documented process for identifying which pipeline segments could affect a high consequence area (HCA). Specifically, PLPR's IM Program did not include a process that identified pipeline facilities that could affect an HCA, nor did it include the required analytical methodology to determine how specific pipeline segments could affect specific HCAs.

At the time of PHMSA's inspection, PLPR's IM Program procedure (2016 Revision), titled "Segments Identification," stated: "We have divided the route of the 6-inch pipeline into three segments taking into consideration the high consequence areas and the potential impact of a release alongside the pipeline route."

By explicitly limiting its evaluation to the route of the 6-inch pipeline, the process only considered line pipe. It did not consider pipeline facilities or any other part of its pipeline system, completely omitting the Cataño Terminal Facility and the Airport Terminal facility despite their potential to affect HCAs.

Furthermore, while PLPR asserts that 100% of its system can affect an HCA, the written program lacks the required analytical process to determine how specific pipeline segments and facilities affect specific HCAs. Specifically, the IM Program completely omits the required methodological steps—such as evaluating potential release locations and volumes, analyzing overland spread, and evaluating water transport mechanisms—necessary to technically justify and document this determination.

Because the program lacks a segment-specific process to determine exactly how a release would transport to an HCA, PLPR cannot accurately determine the specific characteristics of the HCAs its pipeline can affect. Without this foundational identification process, the operator lacks the data required to properly evaluate the consequences of a leak, determine relative risk rankings, and identify appropriate preventive and mitigative measures for its system.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$272,926 per violation per day the violation persists, up to a maximum of \$2,729,245 for a related series of violations. For violation occurring on or after December 28, 2023, and before December 30, 2024, the maximum penalty may not 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 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 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.

We have reviewed the circumstances and supporting documentation involved for the above probable violations and recommend that you be preliminarily assessed a civil penalty of \$116,800 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$ 62,900
2	\$ 53,900

Proposed Compliance Order

With respect to Items 2, 3 and 4, pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to The Pipelines of Puerto

Rico. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

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 2-2026-001-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,



James A. Urisko
Director, Southern Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

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

cc: Adel Lozada, General Manager, The Pipelines of Puerto Rico, pipelinespr@yahoo.com

Greg Lipscomb, National Pipeline Manager, The Pipelines of Puerto Rico,
greg.lipscomb@panamericanpipelines.com

RECEIPT CONFIRMATION REQUESTED

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to The Pipelines of Puerto Rico, Inc. (PLPR), a Compliance Order incorporating the following remedial requirements to ensure the compliance of The Pipelines of Puerto Rico a Compliance with the pipeline safety regulations:

- A. In regard to Items 2 and 3 of the Notice pertaining to PLPR's failure to adequately maintain each mainline valve and its failure to inspect each mainline valve, PLPR must establish a comprehensive program to inspect and maintain mainline valves in accordance with § 195.420.
 - 1. Within **90** days of receipt of the Final Order, PLPR must submit to the Director, Office of Pipeline Safety, PHMSA Southern Region, for review and approval, documentation demonstrating satisfactory completion of this compliance item, including, at a minimum, a copy of the revised valve maintenance and inspection procedures, and documentation that employees were trained on the revised procedures.
 - 2. Within **120** days of receipt of the Final Order, PLPR must submit to the Director, Office of Pipeline Safety, PHMSA Southern Region, documentation demonstrating that all mainline valves on the PLPR system have been inspected and maintained in accordance with the approved procedures. This submission must include, at a minimum, the completed inspection records for each mainline valve and documentation of any repairs, maintenance, or replacements made to valves found to not be in good working order or not functioning properly.
- B. In regard to Item 4 of the Notice pertaining to PLPR's failure to include an adequate, documented process for identifying which pipeline segments and facilities could affect a High Consequence Area (HCA), PLPR must develop and implement a comprehensive written process for identifying all pipeline segments and facilities that could affect an HCA. PLPR must revise its HCA identification process to include all pipeline facilities and components, and it must incorporate the required analytical methodology to determine exactly how specific pipeline segments and facilities affect specific HCAs. This methodology must include, at a minimum, evaluating potential release locations and volumes, analyzing overland spread, and evaluating water transport mechanisms.
 - 1. Within **90** days of receipt of the Final Order, PLPR must submit to the Director, Office of Pipeline Safety, PHMSA Southern Region, for review and approval, a copy of the revised HCA identification and analytical methodology procedures.
 - 2. Within **150** days of receipt of the Final Order, PLPR must submit to the Director, Office of Pipeline Safety, PHMSA Southern Region, records demonstrating implementation of the approved process. This submission must include, at a minimum, the analytical results and supporting records for all pipeline segments and associated facilities. Upon PHMSA's approval of these implementation records, PLPR must incorporate all newly-identified HCAs into its Integrity Management Program.

- C. It is requested (not mandated) that PLPR maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to PHMSA's OPS Southern Region Director. 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.