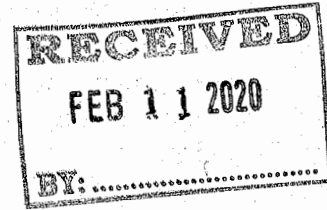




February 7, 2020

Ms. Mary McDaniel
Director, Southwest Region
Pipelines and Hazardous Materials Safety Administration
8701 S. Gessner
Suite 630
Houston, Texas 7704



RE: CPF 4-2020-5001

Dear Ms. McDaniel:

On multiple dates between December 10, 2018 and August 9, 2019, representatives of the Pipelines and Hazardous Materials Safety Administration ("PHMSA") inspected Valero Partners Operating Co, LLC ("Valero") in Oklahoma and Texas. On January 8, 2020, PHMSA issued a Notice of Probable Violation (NOPV) and Proposed Compliance Order to Valero, and Valero received this document on January 13, 2020. This Proposed Compliance Order noted one issue (Item No. 1) that PHMSA alleges required action. Valero hereby timely submits its response to the issue raised in the Proposed Compliance Order.

Item Number 1 of the NOPV refers to the continual process of evaluation and assessment to maintain a pipeline's integrity required under 49 CFR § 195.452(j). PHMSA alleges that Valero failed to reanalyze and/or reevaluate the need for Emergency Flow Restricting Device (EFRD) locations during its 2012 HCA analysis.

Valero Response:

Valero respectfully contests the compliance terms of the Proposed Compliance Order, *see* 49 CFR § 190.208(b)(3), and offers the following explanation.

EFRDs, defined under 49 CFR § 195.450 as a check valve or a remote control valve, are designed to mitigate the impact of rapid, catastrophic ruptures within an HCA. The violation PHMSA alleges relates to Valero's HCA review in 2012. Although the 2012 review added HCA mileage, Valero did not renew its EFRD analysis at that time. However, On February 4, 2014, Valero conducted a risk assessment and preventive and mitigative measures evaluation. The worst case scenario identified was a release at the Washita River. Valero determined to keep the reassessment interval at three years. Valves on both sides of the Washita River were automated and the river bank was matted to prevent erosion as a result of this assessment. Additionally, a section of the pipeline had been rerouted in 2012. The leak detection system was improved to Computational Pipeline Monitoring (CPM) on November 7, 2016. On November 8, 2017 a Comprehensive Risk Assessment and Preventive & Mitigative Measures evaluation noted the efforts undertaken to reduce risk. The pipeline was kept at a three year reassessment interval, still focused on reducing risk.

Valero conducted an EFRD review on January 16, 2019. This system was identified as needing



further modeling. The EFRD study for this system was completed in August 2019. Valero committed to install a check valve at mile post 9 in 2020, which the modeling noted could prevent backflow upstream of the valve in the event of a failure. These efforts were all part of the continual evaluation and assessment process to target the threats identified, as required by 49 CFR § 195.452(j).

As a result, Valero respectfully contests the requirements of the Proposed Compliance Order, which orders Valero to install an EFRD by 60 days after a Final Order, on two grounds.

First, the alleged violation in Item Number 1 is a failure to conduct an updated EFRD evaluation in 2012. However, Valero has fully remediated that alleged violation by completing the EFRD study in August 2019. The order to install a valve is not responsive to this alleged violation. The Proposed Compliance Order is also unnecessary, because Valero independently concluded that it would install the EFRD identified in the August 2019 report, and intends to do so on or before July 31, 2020.

Separately, Valero respectfully objects to the 60 day requirement in the Proposed Compliance Order. As indicated above, Valero expects to have the EFRD installed on or before July 30, 2020. However, should PHMSA issue a final order before that date, Valero believes a 60 day installation window is too short given the logistical requirements for performing this work on the main product supply outlet from the Valero Ardmore Refinery. Valero is therefore requesting 6 months following the issuance of the Final Compliance Order to complete the check valve installation.

As always, Valero is committed to working with PHMSA to ensure compliance with all pipeline safety regulations, and Valero appreciates the professionalism of the inspectors involved in the inspection. Their comments and suggestions are valuable and help Valero maintain its strong Integrity Management Program. Please contact James Trevino at (210) 345-5145 or by email james.trevino@valero.com for further inquiries regarding this matter.

Sincerely,

A handwritten signature in black ink that reads 'Fred E Hampton'.

Fred Hampton
Vice President