

NOTICE OF AMENDMENT

VIA ELECTRONIC MAIL TO: fred.hampton@valero.com

May 22, 2025

Mr. Fred E. Hampton
Vice President, Pipeline & Terminals
Valero Energy Corporation
One Valero Way,
San Antonio, TX 78249

CPF 4-2025-001-NOA

Dear Mr. Hampton:

From March 11 to September 27, 2024 of the video-conferenced inspection, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Valero Terminal and Distribution Company's¹ (Valero) integrity management program procedures.

As a result of the inspection, PHMSA has identified the apparent inadequacies found within Valero's procedures. The item inspected and the inadequacies are described below:

1. **§ 195.452 Pipeline integrity management in high consequence areas.**
 - (a)
 - (b) *What program and practices must operators use to manage pipeline integrity?* Each operator of a pipeline covered by this section must:
 - (1) Develop a written integrity management program that addresses the risks on each segment of pipeline in the first column of the following table no later than the date in the second column:
 - (4) Include in the program a framework that –
 - (i) Addresses each element of the integrity management program under paragraph (f) of this section, including continual integrity assessment and evaluation under paragraph (j) of this section; and
 - (ii) Initially indicates how decisions will be made to implement each element.

¹ Valero Terminal and Distribution Co. is a subsidiary of Valero Energy Corp.

(5)

(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)

(3) An analysis that integrates all available information about the integrity of the entire pipeline and the consequences of a failure (see paragraph (g) of this section);

Valero's written integrity management program was inadequate to provide safe operation of a pipeline facility in accordance with § 195.452(f)(3). Specifically, Valero's *Liquid Pipeline Integrity Management Program* (Rev. 4.5; Eff. May 1, 2024), Section 6.6. *Facility Risk Management*, does not include an analysis that integrates all available information about the integrity of the entire pipeline and the consequences of failure in periodically evaluating the integrity of each pipeline segment under paragraph (g).

Therefore, PHMSA proposes Valero revise its integrity management program procedure to include a procedure for analyzing all information about the integrity of its entire pipeline and the consequences of a failure in accordance with § 195.452(f)(3).

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 CFR § 190.206. 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. 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).

Following the receipt of this Notice, you have 30 days to submit written comments, revised procedures, or a request for a hearing under § 190.211. 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 an Order Directing Amendment. If your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 CFR § 190.206). If you are not contesting this

Notice, we propose that you submit your amended procedures to my office within 60 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Valero maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Bryan Lethcoe, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 4-2025-001-NOA** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Bryan Lethcoe
Director, Southwest Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

Enclosure: Response Options for Pipeline Operators in Enforcement Proceedings

cc: Darin Banther, Manager Regulatory Compliance, Valero Terminating and Distribution Company, darin.banther@valero.com