



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

8701 S. Gessner, Suite 630
Houston TX 77074

NOTICE OF AMENDMENT

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

February 11, 2026

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

CPF 4-2026-003-NOA

Dear Mr. Hampton:

From February 24 through June 30, 2025, 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 Energy Terminaling and Distribution Company's (Valero) procedures for operations and maintenance in San Antonio, Texas.

As a result of the inspection, PHMSA has identified the apparent inadequacies found within Valero's plans or procedures.

The items inspected and the inadequacy is described below:

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. 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.**
 - (b)

(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)

(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.

§ 195.587 What methods are available to determine the strength of corroded pipe? Under § 195.585, you may use the procedure in ASME/ANSI B31G (incorporated by reference, see § 195.3) or in PRCI PR-3-805 (R-STRENG) (incorporated by reference, see § 195.3) to determine the strength of corroded pipe based on actual remaining wall thickness. These procedures apply to corroded regions that do not penetrate the pipe wall, subject to the limitations set out in the respective procedures.

Valero's written procedures are inadequate to ensure the safe operation of a pipeline facility in accordance with § 195.402(c)(3). Specifically, Valero's written procedure for calculating the remaining strength of corroded pipe, *OME P415* (Rev. 8, 3/1/2025), is inadequate for determining the remaining strength of corroded pipe wall in accordance with § 195.587. Valero's procedure, in Sections 5.2.1 and 5.2.2, provides the formulas to calculate remaining strength from ASME/ANSI B31G and R-STRENG. However, Sections 5.2.1 and 5.2.2 fail to provide an explanation for many of the variables used in the identified formulas, and fails to inform personnel of where they can acquire the variables to be used in the equation. Without definitions for these variables or instructions on how to acquire them, the formulas and procedure are unusable by Valero personnel. PHMSA proposes that Valero must amend its procedure to include explanations for each of the variables in the formulas provided in the procedure.

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 30 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, Office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 4-2026-003-NOA** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

BRYAN JEFFERY
LETHCOE

Digitally signed by BRYAN
JEFFERY LETHCOE
Date: 2026.02.11 13:59:34 -06'00'

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 Terminals and Distribution
Company, darin.banther@valero.com