



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

8701 South Gessner, Suite 1110
Houston, TX 77074

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 2, 2007

Mr. Patrick Doolan
Vice President
ExxonMobil Pipeline Company
800 Bell Street
Houston, Texas 77002

CPF 4-2007-5029W

Dear Mr. Parker:

During April 9-13, 2007; April 23-27, 2007; and May 7, 2007 representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Hazardous Liquid Integrity Management Program in Houston, TX.

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

1. §195.452 Pipeline integrity management in high consequence areas.

(h) What actions must an operator take to address integrity issues?

(3) Schedule for evaluation and remediation. An operator must complete remediation of a condition according to a schedule that prioritizes the conditions for evaluation and remediation. If an operator cannot meet the schedule for any condition, the operator must justify the reasons why it cannot meet the schedule and that the changed schedule will not jeopardize public safety or environmental protection. An operator must notify OPS if the operator cannot meet the schedule and cannot provide safety through a temporary reduction in operating pressure. An operator must send the notice to the address specified in paragraph (m) of this section.

ExxonMobil Pipeline Company (EMPCo) documented a decision to not repair an anomaly on the Grand Isle Block 22L to Grand Isle Terminal segment meeting 180-day rule repair criteria without notifying PHMSA or obtaining regulatory relief from PHMSA through the waiver process. The Inspection Team noted that EMPCo developed draft material for

technical justification that indicated the segment of pipeline containing the anomaly could not affect an HCA. However, formal re-evaluation of whether the segment could affect an HCA was not fully pursued and documented in sufficient detail to establish this position.

PHMSA recognizes that some operators used methods with conservative assumptions in identifying which pipeline segments can affect HCAs to meet the initial compliance deadline. Refinement of these "could affect segments", potentially changing the boundaries of identified segments, may occur as more detailed analyses are performed. This refinement process could result in conclusions that some segments (or portions of segments) identified by the initial deadline cannot affect an HCA. PHMSA expects operators to document their justification for any such elimination of an identified segment, and may review the technical basis for these changes during inspections.

Operators should not, however, apply refinements which impact the determination of whether a segment can affect an HCA once the process of conducting an integrity assessment for that segment has begun. The integrity assessment results must be evaluated, and repairs required by the criteria of paragraph (h) must be performed, for the entire segment as defined prior to conduct of the assessment. The boundaries of the segment can be reconsidered after conclusion of an integrity assessment and repair process.

2. §195.49 Annual report

Beginning no later than June 15, 2005, each operator must annually complete and submit DOT form RSPA F 7000-1.1 for each type of hazardous liquid pipeline facility operated at the end of the previous year. A separate report is required for crude oil, HVL (including anhydrous ammonia), petroleum products, and carbon dioxide pipelines. Operators are encouraged, but not required, to file an annual report by June 15, 2004, for calendar year 2003.

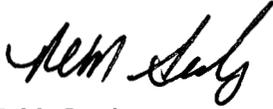
Included in the integrity assessment data reviewed by the Inspection Team were anomalies that met immediate repair criteria and were remediated as part of confirmatory digs within a short period of time but were not classified as immediate conditions. The classification of these anomalies as "confirmatory digs" rather than "immediate conditions" in EMPCo's internal tracking system results in a failure to accurately trend and report anomalies that meet the immediate repair criteria. EMPCo should ensure that immediate conditions are identified as such and included in data that is required to be annually transmitted to PHMSA.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. 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 correct the items identified in this letter. Failure to do so will result in EMPCo being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 4-2007-5029W**. 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).

Sincerely,

A handwritten signature in black ink, appearing to read "R.M. Seeley". The signature is written in a cursive style with a large, sweeping initial "R".

R.M. Seeley
Director, Southwest Region
Pipeline and Hazardous
Materials Safety Administration