

MAR 5 2012

Mr. Randall L. Curry  
President  
Chevron Pipe Line Company  
4800 Fournace Place  
Bellaire, TX 77401

**Re: CPF No. 4-2011-7003**

Dear Mr. Curry:

Enclosed please find the Final Order issued in the above-referenced case. It makes a finding of violation and finds that Chevron Pipe Line Company has completed the actions specified in the Notice to comply with the pipeline safety regulations. Therefore, this case is now closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese  
Associate Administrator  
for Pipeline Safety

Enclosure

cc: Mr. Gary M. Saenz, Team Leader, Chevron Pipe Line  
Mr. R. M. Seeley, Director, Southwest Region, OPS  
Mr. Alan Mayberry, Deputy Associate Administrator for Field Operations, OPS

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED [ 71791000164203306569 ]**

**U.S. DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
OFFICE OF PIPELINE SAFETY  
WASHINGTON, D.C. 20590**

In the Matter of	)	
	)	
Chevron Pipe Line Company,	)	<b>CPF No. 4-2011-7003</b>
	)	
Respondent.	)	
	)	

**FINAL ORDER**

On January 26, 2011, pursuant to 49 U.S.C. § 60117, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), initiated an investigation of an accident that occurred on January 26, 2011, on the 10-inch Grand Bay crude oil pipeline operated by Chevron Pipe Line Company (Chevron or Respondent). The Grand Bay pipeline is part of the Cypress pipeline system that originates at Chevron’s offshore facilities in the Gulf of Mexico and ends at the Empire-Ostrica Terminal. The Empire-Ostrica Terminal is located near the east bank of the Mississippi River approximately three miles south of Empire, Plaquemines Parish, Louisiana.

As a result of the investigation, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated June 29, 2011, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Chevron had violated 49 C.F.R. § 195.54 and proposed ordering Respondent to take certain measures to correct the alleged violation.

Chevron responded to the Notice by letter dated July 29, 2011 (Response). The company contested the allegation and offered additional information in response to the Notice. Respondent did not request a hearing and therefore has waived its right to one.

**FINDING OF VIOLATION**

The Notice alleged that Respondent violated 49 C.F.R. Part 195, as follows:

**Item 1:** The Notice alleged that Respondent violated 49 C.F.R. § 195.54(b), which states:

**§ 195.54 Accident reports.**

(a) Each operator that experiences an accident that is required to be reported under § 195.50 shall as soon as practicable, but not later than 30 days after discovery of the accident, prepare and file an accident report on DOT Form 7000-1, or a facsimile.

(b) Whenever an operator receives any changes in the information reported or additions to the original report on DOT Form 7000-1, it shall file a supplemental report within 30 days.

The Notice alleged that Respondent violated 49 C.F.R. § 195.54(b) by failing to file a supplemental report within 30 days of receiving additions to the original report filed by Chevron on February 15, 2011. Specifically, the Notice alleged that Chevron received a metallurgical failure analysis report on or about March 1, 2011, but that as of June 16, 2011, the company had still not filed a supplemental DOT Form 7000-1 with OPS that reflected the changed or supplemental information on the probable cause of the failure.<sup>1</sup>

The original DOT Form 7000-1 listed “Excavation Damage by Operator’s Contractor” as the cause of the accident and “Previous Damage” as the root cause, but provided no further information regarding factors that contributed to the accident.<sup>2</sup> The metallurgical report, concluded that “[t]he failure of the pipeline occurred by brittle, tensile fracture at an area of pre-existing mechanical damage” and included an explanation of the evidence demonstrating a “brittle failure.”<sup>3</sup> The report also noted that “[t]he susceptibility of the line pipe material to brittle fracture was well defined by microstructural features revealed by metallographic examination.”

In its Response, Chevron argued that it was not required to file a supplemental report within 30 days of receiving the metallurgical failure analysis. The company indicated that it had considered the metallurgical report to be “part of an ongoing internal Root Cause Analysis” and stated that the metallurgy results were “not determined to be the only contributing factor.”<sup>4</sup> Chevron claimed that there was no change to the information reported in the original DOT Form 7000-1 until June 22, 2011, when the Root Cause Analysis summary was received, and that therefore a supplemental report was not due until 30 days after June 22, 2011. Chevron stated that it had submitted a supplemental report on June 22, 2011, and therefore had not violated § 195.54.

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<sup>1</sup> Notice at 2.

<sup>2</sup> Pipeline Safety Violation Report (Violation Report), (January 26, 2011), Exhibit A (on file with PHMSA).

<sup>3</sup> *Id.*

<sup>4</sup> Response at 1.

I disagree. Section 195.54(b) requires an operator to file a supplemental report after receipt of any “changes” or “additions” to the information originally reported. DOT Form 7000-1 instructs the operator to “[d]escribe secondary, contributing or root causes of the Accident” in Part H of the form.<sup>5</sup> I find that information about the material properties of the pipe that contributed to the accident falls within the scope of secondary, contributing, or root causes, and in this case would have been an “addition” to the original report. Therefore, a supplemental report on DOT Form 7000-1 was required within 30 days of receipt of the metallurgical report.

Accordingly, after considering all of the evidence and the legal issues presented, I find that Respondent violated 49 C.F.R. § 195.54 by failing to file a supplemental report on DOT Form 7000-1 within 30 days of receiving changes in the information reported or additions to the original report.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

### COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 1 in the Notice, for a violation of 49 C.F.R. § 195.54. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. The Director indicates that Respondent has taken the following action specified in the proposed compliance order:

1. With respect to the violation of § 195.54(b) (**Item 1**), Respondent filed a supplemental DOT Form 7000-1 on June 22, 2011, and filed a final DOT Form 7000-1 on August 22, 2011.

Accordingly, I find that compliance has been achieved with respect to this violation. Therefore, the compliance terms proposed in the Notice are not included in this Order.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a Petition for Reconsideration of this Final Order. The petition must be sent to: Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2<sup>nd</sup> Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. PHMSA will accept petitions received no later than 20 days after receipt of service of this Final Order by the Respondent, provided they contain a brief statement of the issue(s) and meet all other

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<sup>5</sup> Violation Report, Exhibit A.

requirements of 49 C.F.R. § 190.215. Unless the Associate Administrator, upon request, grants a stay, the terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

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Jeffrey D. Wiese  
Associate Administrator  
for Pipeline Safety

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Date Issued