

**NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 25, 2013

Mr. Randall Curry
President
Chevron Petrochemical Pipeline LLC
4800 Fournace Place
Bellaire, TX 77401

CPF 4-2013-5019

Dear Mr. Curry:

Between April 16 and June 14, 2013, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code inspected your maintenance and integrity management records for the Evangeline Ethylene Pipeline system in Houston, TX.

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

1. § 195.452(e)(1) - Pipeline integrity management in high consequence areas.

(e) What are the risk factors for establishing an assessment schedule (for both the baseline and continual integrity assessments)? (1) An operator must establish an integrity assessment schedule that prioritizes pipeline segments for assessment (see paragraphs (d)(1) and (j)(3) of this section). An operator must base the assessment

schedule on all risk factors that reflect the risk conditions on the pipeline segment. The factors an operator must consider include, but are not limited to:

- (i) Results of the previous integrity assessment, defect type and size that the assessment method can detect, and defect growth rate;**
- (ii) Pipe size, material, manufacturing information, coating type and condition, and seam type;**
- (iii) Leak history, repair history and cathodic protection history;**
- (iv) Product transported;**
- (v) Operating stress level;**
- (vi) Existing or projected activities in the area;**
- (vii) Local environmental factors that could affect the pipeline (e.g., corrosivity of soil, subsidence, climatic),**
- (viii) geo-technical hazards; and**
- (ix) Physical support of the segment such as by a cable suspension bridge.**

Chevron did not properly consider and evaluate all the risks in order to properly establish an assessment schedule using an acceptable assessment method and did not use its leak history when performing the evaluation. Chevron did not select an internal inspection tool capable of assessing seam integrity issues based on known risk factors associated with the Evangeline Ethylene Pipeline (Evangeline). The Evangeline is a 16", .312/.314 wt., X52 LF (low frequency) ERW (electric resistance welded) pipe manufactured in 1953 at the Youngstown Sheet and Tube Company, NY.

On May 10, 2012, Chevron completed its review of the 2007 reassessment findings as well as leaks found from 2007 through 2012. Based on their risk analysis, Chevron selected a geometry and MFL tool for its 2012 reassessment method. The Evangeline had two seam related leaks in 2011; however Chevron failed to include that data in its risk analysis for the 2012 reassessment method determination.

Chevron's Pipeline Integrity Management Program Manual procedure for continual evaluation and assessment, Section 3.3.1 – "Reassessment Intervals and Methods", makes reference to Appendix G, Integrity Assessment Process for Gas or Hazardous Liquids – Flowchart F1 and Sheet F1.1. Appendix G contains numerous flowcharts which outline the process for determining which ILI tool should be used for LF ERW pipe manufactured before 1962. Knowing that the Evangeline was manufactured before 1962, and is susceptible to longitudinal seam failure, the Evangeline should have been assessed in June 2012 by a tool capable of assessing the long seam. If those tools were not available, then a hydro-test should have been performed. This tool selection process is contained in Chevron's assessment method determination flowcharts A2, A3, A3.1, and A3.2.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$33,100.

Proposed Compliance Order

With respect to item 1 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Chevron Petrochemical Pipeline LLC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be 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). 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 a Final Order.

In your correspondence on this matter, please refer to **CPF 4-2013-5019** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Chevron Petrochemical Pipeline LLC a Compliance Order incorporating the following remedial requirements to ensure the compliance of Chevron Petrochemical Pipeline LLC with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to Chevron's failure to properly consider risks for the Evangeline Ethylene Pipeline. Chevron must assess the Evangeline Pipeline by a method prescribed in Appendix G of its Pipeline Integrity Management Program Manual.
2. Chevron shall complete the assessment of the Evangeline Pipeline within 30 days of receiving the final order.
3. It is requested (not mandated) that Chevron Petrochemical Pipeline LLC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Mr. R. M. Seeley, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.