

NOVEMBER 4, 2014

Mr. Al Williams
President
Chevron Pipe Line Company
4800 Fournace Place
Bellaire, TX 77401-2324

Re: CPF No. 4-2014-5012

Dear Mr. Williams:

Enclosed please find the Final Order issued in the above-referenced case. It makes a finding of violation, assesses a civil penalty of \$158,400, and specifies actions that need to be taken by Chevron Pipe Line Company to comply with the pipeline safety regulations. This is to acknowledge receipt of payment of the full penalty amount, by wire transfer dated July 30, 2014. When the terms of the compliance order have been completed, as determined by the Director, Southwest Region, this enforcement action will be 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. R.M. Seeley, Director, Southwest Region, OPS
Mr. James M. Barnum, Vice President, Chevron Pipe Line Company,
4800 Fournace Place, Bellaire, TX 77401-2324

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**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,)	CPF No. 4-2014-5012
)	
Respondent.)	
)	

FINAL ORDER

Pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an investigation of an accident involving the pipeline system operated by Chevron Pipe Line Company (CPL or Respondent) near Milford, Texas. CPL, an indirect wholly-owned subsidiary of Chevron Corporation, operates approximately 10,000 miles of pipeline transporting crude oil, refined petroleum products, liquefied petroleum gas, natural gas and chemicals within the United States.¹

The investigation arose out of an excavation-related accident on CPL’s West Texas LPG Pipeline System that occurred on November 14, 2013.

As a result of the investigation, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated May 21, 2014, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice), which also included warnings pursuant to 49 C.F.R. § 190.205. In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that CPL had violated 49 C.F.R. § 195.442 and proposed assessing a civil penalty of \$158,400 for the alleged violation. The Notice also proposed ordering Respondent to take certain measures to correct the alleged violation. The warning items required no further action, but warned the operator to correct the probable violations.

CPL responded to the Notice by letter dated June 25, 2014 (Response). The company did not contest the allegation of violation and paid the proposed civil penalty of \$158,400 as provided in 49 C.F.R. § 190.227. The company also provided information concerning the corrective actions it had taken. Respondent did not request a hearing and therefore has waived its right to one.

¹ See <http://chevronpipeline.com/about/> (last accessed on September 9, 2014).

FINDING OF VIOLATION

In its Response, CPL did not contest the allegation in the Notice that it violated 49 C.F.R. Part 195, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.442, which states in relevant part:

§ 195.442 Damage prevention program.

(a) Except as provided in paragraph (d) of this section, each operator of a buried pipeline must carry out, in accordance with this section, a written program to prevent damage to that pipeline from excavation activities....

The Notice alleged that Respondent violated 49 C.F.R. § 195.442 by failing to carry out a written program to prevent damage to its pipeline from excavation activities. Specifically, the Notice alleged that CPL's written damage prevention program lacked sufficient detail to ensure that the pipeline marking was performed properly prior to excavation. Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.442 by failing to carry out a written program to prevent damage to its pipeline from excavation activities.

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

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations.² In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; and any effect that the penalty may have on its ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require. The Notice proposed a civil penalty of \$158,400 for the violation cited above.

Item 1: The Notice proposed a civil penalty of \$158,400 for Respondent's violation of 49 C.F.R. § 195.442, for failing to carry out a written program to prevent damage to its pipeline

² The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011, Pub. L. No. 112-90, § 2(a)(1), 125 Stat. 1904, January 3, 2012, increased the civil penalty liability for violating a pipeline safety standard to \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations.

from excavation activities. This was a serious violation which resulted in a pipeline accident. Chevron is culpable for the violation and has neither contested the allegation nor presented any evidence or argument justifying a reduction in the proposed penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of **\$158,400** for violation of 49 C.F.R. § 195.442, which amount has already been paid by Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 1 in the Notice for violation of 49 C.F.R. § 195.442. 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. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 195.442 (**Item 1**), Respondent must revise its damage prevention procedures to ensure that all excavation-related activities receive appropriate CPL response and risk management to prevent damage to pipeline facilities. Respondent must train all affected employees, including supervisory personnel, on the revised procedures. Respondent must submit a training plan identifying the affected procedures and proposed training schedule to the Director, Southwest Region, for approval prior to implementation.
2. With respect to the violation of § 195.442 (**Item 1**), Respondent must perform further investigation to determine the disposition of the abandoned pipeline that was replaced in 1988 by the 10-inch Loop Line that was damaged in this accident. CPL must determine whether similar locations exist within the West Texas LPG System and develop a mechanism for accounting for abandoned facilities during the line locating process.
3. With respect to the violation of § 195.442 (**Item 1**), PHMSA suggests that Respondent develop and implement a method for physical marking and identification of its test stations in rights-of-way containing multiple CPL lines in the West Texas LPG System to identify the pipeline to which the test station is connected. CPL maps and records should be updated with the information collected using this method.
4. CPL must provide all revised procedures and records demonstrating completion of the items listed above to the Director, Southwest Region, for review within 90 days of receipt of the Final Order.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

Failure to comply with this Final Order [CPF No. 4-2014-5012] may result in the administrative assessment of civil penalties not to exceed \$200,000 for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

WARNING ITEMS

With respect to Items 2 and 3, the Notice alleged probable violations of Part 199 but did not propose a civil penalty or compliance order for these items. Therefore, these are considered to be warning items. The warnings were for:

49 C.F.R. § 199.105 (**Item 2**) — Respondent's alleged failure to drug test an employee whose performance could not be completely discounted as a contributing factor to the accident within 32 hours after the accident; and

49 C.F.R. § 199.225 (**Item 3**) — Respondent's alleged failure to alcohol test an employee whose performance could not be completely discounted as a contributing factor to the accident within 8 hours after the accident.

CPL presented information in its Response showing that it had taken certain actions to address the cited items. If OPS finds a violation of any of these items in a subsequent inspection, Respondent may be subject to future enforcement action.

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, 2nd 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 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.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued