

**ExxonMobil**  
**Refining & Supply Company**  
700 ExxonMobil Road  
P.O. Box 1163  
Billings, Montana 59103-1163  
406 657 5201 Telephone  
406 657 5376 Facsimile

**Jon R. Wetmore**  
Refinery Manager

July 9, 2010

**ExxonMobil**  
*Refining & Supply*

Mr. Chris Hoidal  
U.S. Department of Transport  
Pipeline and Hazardous Materials Safety Administration  
12300 W. Dakota Ave, Suite 110  
Lakewood, CO 80228

**Re: Response to Notice of Amendment dated June 8, 2010 (CPF 5-2010-5020M)**

Dear Mr. Hoidal:

This letter is in response to the June 8, 2010 Notice of Amendment (NOA) from Pipeline and Hazardous Materials Safety Administration (PHMSA), concerning the July 31, 2009 inspection of the ExxonMobil Billings Refinery Breakout Tank 002 and subsequent review of the procedures for operations and maintenance of the tank.

For ease of response, below is a summary of the PHMSA NOA items in italics followed by ExxonMobil's response.

*NOA Item 1: "ExxonMobil's O&S Procedure Manual for Breakout Tank TK-002 did not include all the provisions that are required to be performed on the breakout tank as specified by subpart F, section 195.432(b) of the safety code, i.e. the inspection frequency tables. ExxonMobil's procedures are inadequate because ExxonMobil did not accurately describe each of the tasks that are required to be performed in association with the operations and maintenance of Breakout Tank TK-002 as described in section 195.432(b)."*

**ExxonMobil Response:** ExxonMobil believes inspection task frequency is adequately covered in Table 3-2 of the Operations, Maintenance and Emergency Response Manual (O&M Manual) (Attachment I), in procedure P195-432(b) (Attachment II) and in the task frequency form. The relevant provisions are highlighted in Attachments I and II.

During the review, it was noted that there was a discrepancy between the inspection frequencies in these three documents. Procedure P195.432 (b) and Table 3-2 have been updated to correct the discrepancy, as shown in redline in Attachments I and II, and the task frequency form was eliminated.

*NOA Item 2: "ExxonMobil's monthly breakout tank inspection form did not include a section to address all the items on the tank that must be inspected each month to ensure it is operated and maintained properly, i.e. Section 6 (formerly Section 4)) of API 653 for the monthly tank inspection guidance. ExxonMobil's record-keeping procedures pertaining to section 195.432(b) are inadequate because they will not clearly record the condition of each of the elements of the tank that are required to be inspected during the monthly inspection of Breakout Tank TK-002."*

ExxonMobil Response: Based on discussions with the inspector performing the monthly in-service inspection and with an API 653 certified inspector (Attachment III), ExxonMobil believes its monthly tank inspections met—and are adequate to meet—the API 653 requirements. However, certain monthly inspection items were not obvious on the previous form. Accordingly, the form has been updated to make it clear that all the required elements are being inspected (Attachment IV).

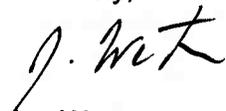
During the inspection and in a follow up call on July 17, 2010, the inspector noted that the O&M Manual would be more effective if it was updated to better reflect actual field operations. Based on this suggestion, the O&M Manual has been revised to clarify compliance and safety objectives and to make the manual more effective. We would be happy to discuss the improvements to the O&M Manual, during any future inspections and appreciate the feedback from PHMSA during the last inspection.

ExxonMobil believes that the information provided and procedure changes outlined above address the concerns expressed by PHMSA in its NOA. ExxonMobil requests that this enforcement action be closed and for PHMSA to provide a notice that it has been closed.

Please note that Ian Scoble is no longer Director of Americas Refining and that if possible, future correspondence should be sent to the ExxonMobil Billings Refinery Manager Jon Wetmore to facilitate a faster response to your correspondence.

Should you have any questions concerning this response, please call James Forsyth at 406-237-0595.

Sincerely,



Jon Wetmore, Refinery Manager

Attachments

ATTACHMENT I

## Compliance Requirements

This is a summary of the tasks required for compliance. Refer to the Forms section for a Schedule of Responsibilities (Form F-195.RES) and Checklist of Routine Tasks (Form F-195.CHECK).

### Routine Compliance Requirements

Readers needing to know who is responsible for tasks and what tasks need to be done should refer to the actual procedures.

**Table 3-2 Routine Compliance Requirements**

Frequency	Action	Procedure to refer to
Monthly	Routine in-service inspection of tanks	P195.432 b
Every 2 Months	Inspect Rectifiers/	P195.573c
Annually	Test Tank Overfill Protection Devices	P195.428
	Review procedures	P195.402
	Perform Cathodic Protection Survey	P195.573d
Every 5 years	Annual Inspection of Firefighting equipment	P195.430
	External inspection of breakout tanks	P195.432b
Every 20 years	Ultrasonic inspection of breakout tanks <sup>1</sup>	P195.432b
	Internal inspection of breakout tanks <sup>1</sup>	P195.432b

### Contingent Requirements

**Table 3-3 If / Then Compliance Requirements**

IF	THEN
There is a reportable accident on the pipeline	F-195.50
Breakout tank is being repair or reconstructed	F-195.205(b)(1), F-195.264(e)(2)a, F-195.264(e)(2)b, 307

**Note:** This list does not include contingency requirements that arise during an inspection.

### Recordkeeping Requirements

Required recordkeeping includes maintaining records of pipeline startup, pressure testing, operation/maintenance, and operator qualification, which are reviewed below, with forms to use, length of retention, required data, and relevant regulation provision. The records listed below are not the only ones required by the rule, but are for these facilities.

#### *Operation and Maintenance Records*

- A) Maps and records showing the following, per 195.404:
  - 1. Location and identification of the following pipeline facilities:
    - (i) Breakout tanks;
- B) Keep the records of repairs to non-pipe components showing the date, location, and description of each repair for at least one year.

<sup>1</sup> See Procedure #P-195.432(b) for exceptions.

## Compliance Requirements

This is a summary of the tasks required for compliance. Refer to the Forms section for a Schedule of Responsibilities (Form F-195.RES) and Checklist of Routine Tasks (Form F-195.CHECK).

### Routine Compliance Requirements

Readers needing to know who is responsible for tasks and what tasks need to be done should refer to Form F-195.RES: Schedule of Responsibilities and Form F-195.Check: Checklist of Routine Tasks in the Forms section.

**Table 3-2 Routine Compliance Requirements**

Frequency	Action	Form Number
Monthly	Routine in-service inspection of tanks	F-195.432(b)M
Every 2 Months	Inspect Rectifiers	F-195.573(c)
Annually	Review procedures	F-195.402(a)
	Perform Cathodic Protection Survey	F-195.573(a)
Every 5 years	External inspection of breakout tanks	F-195.432(b)I
	Ultrasonic inspection of breakout tanks <sup>1</sup>	F-195.432(b)U
Every 20 years	Internal inspection of breakout tanks <sup>2</sup>	F-195.432(b)O

Specifics

### Contingent Requirements

**Table 3-3 If / Then Compliance Requirements**

IF	THEN
There is a reportable accident on the pipeline	F-195.50
Breakout tank is being repair or reconstructed	F-195.205(b)(1), F-195.264(e)(2)a, F-195.264(e)(2)b, 307

**Note:** This list does not include contingency requirements that arise during an inspection.

### Recordkeeping Requirements

Required recordkeeping includes maintaining records of pipeline startup, pressure testing, operation/maintenance, and operator qualification, which are reviewed below, with forms to use, length of retention, required data, and relevant regulation provision. The records listed below are not the only ones required by the rule, but are for these facilities.

#### *Operation and Maintenance Records*

- A) Maps and records showing the following, per 195.404:
  - 1. Location and identification of the following pipeline facilities:
    - (i) Breakout tanks;
- B) Keep the records of repairs to non-pipe components showing the date, location, and description of each repair for at least one year.
- C) Keep records of each inspection and test in Subpart F for at least two years or until the next inspection or test is performed, whichever is longer. This covers such areas as:
  - 1. Overfill protection systems
  - 2. Inspection of in-service breakout tanks
  - 3. Signs

<sup>1</sup> See Procedure #P-195.432(b) for exceptions.



ATTACHMENT II

**Procedure P-195.432(b) Inspection of  
In-service Breakout Tanks**

<b>Purpose:</b>	This procedure gives the steps required for periodic in-service tank inspection.
<b>Applies To:</b>	Currently applies to Break Out Tank #2
<b>Responsibility:</b>	OM&S Operator and/or Certified Inspector(s)
<b>Frequency:</b>	<p>Routine In-service Inspection – Monthly</p> <p>Rectifier and associated facilities - Every 2 months</p> <p>Cathodic Protection Survey - Annual</p> <p>External Inspection – Every 5 years</p> <p>Ultrasonic Thickness Inspection – Since the corrosion rate on the tank is known it is the lesser of 15 years or the value derived from the equation in API 653 6.3.3.2 b</p> <p>Corrosion Rate Unknown – Every 5 years</p> <p>Corrosion Rate Known – (remaining corrosion allowance/ (2 *shell corrosion rate in mils per year)) or 15 years whichever is smaller.</p> <p>Internal Inspection – Set to ensure that the bottom plate minimum thickness at the next inspection is not less than the values in Table 6-1, or 20 years whichever is sooner. If corrosion rates are not known and similar service experience is not available, the actual bottom thickness shall be determined by inspection within the next 10 years of tank operation to establish corrosion rates.</p>
<b>Reference:</b>	<p><a href="#">Part 195 – Transportation Of Hazardous Liquids By Pipeline</a></p> <p><a href="#">49 CFR 195.432</a> “Inspection of IN-service Breakout Tanks”</p> <p>API Standard 653 “Tank Inspection, Repair, Alteration, and Reconstruction”</p> <p>API Standard 651 Cathodic protection of tanks Section 11 for inspection requirements</p>
<b>Prerequisites:</b>	In order to complete this task, you must be qualified under the company’s Operator Qualification Plan or be supervised by someone who is qualified. Certified inspectors are required for all but the monthly in service inspection
<b>Forms:</b>	<p><a href="#">F-195.432(b)I</a> “<a href="#">Tank In-Service Inspection Checklist</a>”</p> <p><a href="#">F-195.432(b)M</a> “<a href="#">Monthly Inspection of In-Service Tanks</a>”</p> <p><a href="#">F-195.432(b)O</a> “<a href="#">Tank Out-of-Service Inspection Checklist</a>”</p> <p><a href="#">F-195.432(b)U</a> “<a href="#">Ultrasonic Thickness Test</a>”</p>

**Procedure P-195.432(b) Inspection of  
In-service Breakout Tanks**

<b>Related Procedures:</b>	API 653, API 651
<b>Operator Qualification Task:</b>	7 - Inspect Breakout Tank 8 – Inspect Breakout Tanks in Accordance with API 653

**1.0 REQUIREMENTS**

195.432 Inspection of in-service breakout tanks.

(a) Except for breakout tanks inspected under paragraphs (b) and (c) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, inspect each in-service breakout tank.

(b) Each operator shall inspect the physical integrity of in-service atmospheric and low-pressure steel aboveground breakout tanks according to section 4 of API Standard 653. However, if structural conditions prevent access to the tank bottom, the bottom integrity may be assessed according to a plan included in the operations and maintenance manual under §195.402(c)(3).

(c) Each operator shall inspect the physical integrity of in-service steel aboveground breakout tanks built to API Standard 2510 according to section 6 of API 510.

(d) The intervals of inspection specified by documents referenced in paragraphs (b) and (c) of this section begin on May 3, 1999, or on the operator's last recorded date of the inspection, whichever is earlier.

This procedure addresses API 653 inspection requirements and does not include all inspection requirements, such as tank seal inspections.

**2.0 PROCEDURE****2.1 Monthly External Inspection**

**Note:** This inspector must be qualified under the operator's Operator Qualification programs, but does not have to be an Authorized Inspector.

2.1.1 Visually inspect for leakage, exterior surface of tank looking for distortions of shell. Inspect for bulging, vertical alignment of shell plates or other abnormal condition, foundation of tank, exterior surface of tank shell looking for paint failures, exterior surface of tank looking for indications of pitting and/or corrosion, exterior insulation on tank looking for deterioration. Identify breaks in coverage, drooping of material, bubbling or other abnormal conditions, appurtenances connected to exterior of tank, including man-ways, nozzles, tank piping, valves, flanges, swing lines, etc. Identify leaks, component failure, corrosion or other abnormal conditions.

2.1.2 Check the general condition of the roof and make sure all vents and gauge hatches are closed

**Procedure P-195.432(b) Inspection of  
In-service Breakout Tanks**

- 2.1.3 Complete Form F-195.432(b)M.
- 2.2 Visual External Inspection (must be conducted by an Authorized Inspector – see API 653 4.10)
- 2.2.1 Remove insulation to the extent necessary to determine the condition of the exterior wall of the tank or the roof.
- 2.2.2 Visually check shunts or mechanical connections of cables.
- 2.2.3 Complete Form F-195.432(b)I.
- 2.3 Ultrasonic Thickness Inspection (must be conducted by an ASNT Level II or III qualified inspector)
- 2.3.1 Take external, ultrasonic thickness measurements of the shell.
- 2.3.2 An internal inspection of the tank shell, when the tank is out-of-service can be substituted for these if the internal inspection interval is equal to or less than that required for these readings.
- 2.3.3 Complete Form F-195.432(b)U.
- 2.4 Internal Inspection (must be conducted by an Authorized Inspector – see API 653 4.10)
- 2.4.1 Visually inspect tank interior and assure the quality and completeness of the NDE results.
- 2.4.2 If the internal inspection is required solely for the purpose of determining the condition and integrity of the tank bottom, the internal inspection may be done with the tank in-service utilizing various ultrasonic methods capable of assessing the thickness of the tank bottom.
- 2.4.3 Complete Form F-195.432(b)O.
- 2.5 Cathodic Protection Survey (see API 651 11.3.2)
- 2.5.1 A third party has been contracted to conduct Cathodic protection surveys, and to measure corrosion protection of Tank 2. The third party will conduct, at least six times a year, rectifier readings and inspections. They will also also conduct cathodic protection surveys at least annually. Deficiencies will be reported promptly and they will submit inspection results to ExxonMobil Refinery for recordkeeping.
- 2.6 Whenever there is access to the tank bottom, corrosion will be checked in accordance with API 951 11.3.2.5.

ATTACHMENT III



Michael A  
Latham/MidWest-US/ExxonMobil

06/23/10 07:36 AM

To James W Forsyth/Baytown/ExxonMobil@xom  
cc Duane Monroe/MidWest-US/ExxonMobil@XOM  
bcc

Subject Re: DOT note

James,

Listed below is the section from API 653 that pertains to monthly inspection.

### 6.3 Inspections from the Outside of the Tank

#### 6.3.1 Routine In-service Inspections

6.3.1.1 The external condition of the tank shall be monitored by close visual inspection from the ground on a routine basis. This inspection may be done by owner/operator personnel, and can be done by other than authorized inspectors as defined in 3.4. Personnel performing this inspection should be knowledgeable of the storage facility operations, the tank, and the characteristics of the product stored.

6.3.1.2 The interval of such inspections shall be consistent with conditions at the particular site, but shall not exceed one month.

6.3.1.3 This routine in-service inspection shall include a visual inspection of the tank's exterior surfaces. Evidence of leaks; shell distortions; signs of settlement; corrosion; and condition of the foundation, paint coatings, insulation systems, and appurtenances should be documented for follow-up action by an authorized inspector.

Stated above is the API 653 guideline. I feel the routine tank in service inspection report covers what is outlined in API 653.

Our report has four columns (column 3, 4, 5 & 6) to address the eight items listed above.

Column 3 External signs of Leakage addresses leaks.

Column 4 Noticeable shell Bulging of Deform. addresses shell distortions.

Column 5 Noticeable Damage to Insulation/Fireproofing addresses insulation systems, and appurtenances.

Column 6 Other Obvious External Problems addresses external surfaces, signs of settlement, corrosion, condition of foundation & paint coatings.

Each item is not addressed in its own column, however I believe each item is addressed. My recommendation is to

create a Tank 2 check list that addresses each of the eight items separately. I have copied Duane on this note so he can comment on this situation.

Thank You

Michael A. Latham  
ExxonMobil Billings Refinery  
Phone: 406-237-0730

michael.a.latham@exxonmobil.com  
James W Forsyth/Baytown/ExxonMobil



James W  
Forsyth/Baytown/Exxon  
Mobil

To Michael A Latham/MidWest-US/ExxonMobil@XOM  
cc

06/22/2010 02:37 PM

Subject DOT note

Michael,

This is the citation from the DOT letter regarding the monthly inspection

**2. § 195.432 Inspection of in-service breakouts**

**(b) Each operator shall inspect the physical and low-pressure steel aboveground breakout tanks in accordance with API Standard 653. However, if structural steel is used in the bottom, the bottom integrity may be assessed in accordance with the operations and maintenance manual.**

ExxonMobil's monthly breakout tank inspection for all the items on the tank that must be inspected each month and maintained properly, i.e. Section 6 (formerly Section 5) inspection guidance. ExxonMobil's record-keeping for items 195.432(b) are inadequate because they will not clearly identify all elements of the tank that are required to be inspected. Breakout Tank TK-002.

James W. Forsyth  
Environmental Coordinator, Billings Refinery

ATTACHMENT IV



**ROUTINE TANK IN SERVICE API 653 INSPECTION REPORT  
(OLD FORM)**

**Supervisor Signature** \_\_\_\_\_

MONTH			YEAR			OPERATOR INITIALS			Comments /Work Recommended (use back if needed)
Tank No/ Unit	Inspector Operator Initials	External signs of Leakage	Noticeable Shell Bulging or deform.	Noticeable Damage to Insulation/ Fireproofing	Other Obvious External Problems	Noticeable Dike Erosion	Inspector Follow-up		
							Y	N	
1/WTF									
2/WTF				N/A					
3/WTF									
4/WTF				N/A					
5/WTF				N/A					
6/WTF				N/A					
7/WTF									
8/WTF									
9/WTF				N/A					
10/WTF				N/A					
11/WTF	-----	-----	-----	N/A	-----	-----	---	---	Out for Repairs
13/WTF									
14/WTF									
15/WTF				N/A					
16/WTF				N/A					
17/WTF				N/A					
19/NTF				N/A					
21/NTF				N/A					
22/API									
23/API									
24/API									
26/NTF				N/A					
27/NTF				N/A					
28/NTR				N/A					
31/NTF				N/A					
32/NTF									Out of Service
33/NTF				N/A					
34/NTF				N/A					
35/NTF				N/A					
36/NTF	-----	-----	-----	N/A	-----	-----	---	---	Out for Repairs
37/NTF				N/A					
38/NTF				N/A					
40/NTF				N/A					
41/NTF									
42/NTF				N/A					
43/NTF				N/A					
44/NTF				N/A					