

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 9, 2012

Mr. Kok-Yew See
U.S. Production Manager
ExxonMobil U.S. Production, a Division of ExxonMobil Corporation
P.O. Box 4358
Houston, Texas 77210-4358

CPF 2-2012-2002M

Dear Mr. See:

From November 7 to 10, 2011, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) inspected the ExxonMobil US Production (XOM) Operations, Maintenance and Emergency Manual for Natural Gas Pipelines (OMER) written procedures in Theodore, Alabama, pursuant to Chapter 601 of 49 United States Code.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within XOM-USP's plans or procedures, as described below:

1. § 191.3 Definitions.

As used in this part and the PHMSA Forms referenced in this part—

... Incident means any of the following events:

(1) An event that involves a release of gas from a pipeline, or of liquefied natural gas, liquefied petroleum gas, refrigerant gas, or gas from an LNG facility, and that results in one or more of the following consequences:

(i) A death, or personal injury necessitating in-patient hospitalization;

(ii) Estimated property damage of \$50,000 or more, including loss to the operator and others, or both, but excluding cost of gas lost;

(iii) Unintentional estimated gas loss of three million cubic feet or more;

(2) An event that results in an emergency shutdown of an LNG facility.

Activation of an emergency shutdown system for reasons other than an actual emergency does not constitute an incident.

(3) An event that is significant in the judgment of the operator, even though it did not meet the criteria of paragraphs (1) or (2) of this definition.

XOM's definition of an *incident* was not consistent with the regulatory definition found in §191.3. In section 2.3.6.2 of the OMER, XOM included the cost of lost gas in property damage while the regulation excludes the cost of lost gas. Additionally, XOM did not include the "Unintentional estimated gas loss of three million cubic feet or more," in its definition of an incident.

2. **§191.22 National Registry of Pipeline and LNG Operators.**
... (c) **Changes. Each operator of a gas pipeline, gas pipeline facility, LNG plant or LNG facility must notify PHMSA electronically through the National Registry of Pipeline and LNG Operators at [http:// opsweb.phmsa.dot.gov](http://opsweb.phmsa.dot.gov) of certain events.**
 - (1) **An operator must notify PHMSA of any of the following events not later than 60 days before the event occurs:**
 - (i) **Construction or any planned rehabilitation, replacement, modification, upgrade, uprate, or update of a facility, other than a section of line pipe, that costs \$10 million or more. If 60 day notice is not feasible because of an emergency, an operator must notify PHMSA as soon as practicable;**
 - (ii) **Construction of 10 or more miles of a new pipeline; or**
 - (iii) **Construction of a new LNG plant or LNG facility.**
 - (2) **An operator must notify PHMSA of any of the following events not later than 60 days after the event occurs:**
 - (i) **A change in the primary entity responsible (i.e., with an assigned OPID) for managing or administering a safety program required by this part covering pipeline facilities operated under multiple OPIDs.**
 - (ii) **A change in the name of the operator;**
 - (iii) **A change in the entity (e.g., company, municipality) responsible for an existing pipeline, pipeline segment, pipeline facility, or LNG facility;**
 - (iv) **The acquisition or divestiture of 50 or more miles of a pipeline or pipeline system subject to Part 192 of this subchapter; or**
 - (v) **The acquisition or divestiture of an existing LNG plant or LNG facility subject to Part 193 of this subchapter.**

XOM did not have written procedures for notifying PHMSA electronically, at least 60 days before construction that costs \$10 million or more or construction of 10 or more miles of new pipeline. Moreover, XOM did not have written procedures for notifying PHMSA electronically, not later than 60 days after a change in name of the operator or entity responsible for an existing pipeline, or the acquisition or divestiture of 50 or more miles of pipeline.

3. **§192.706 Transmission lines: Leakage surveys.**
Leakage surveys of a transmission line must be conducted at intervals not exceeding 15 months, but at least once each calendar year. However, in the case of a transmission line which transports gas in conformity with §192.625 without an odor or odorant, leakage surveys using leak detector equipment must be conducted-
 - (a) **In Class 3 locations, at intervals not exceeding 7 1/2 months, but at least twice each calendar year; and**

(b) In Class 4 locations, at intervals not exceeding 4 1/2 months, but at least four times each calendar year.

XOM's procedures for leak survey, found in section 2.3.1 of the OMER, were inadequate because they did not provide enough detail on how XOM would leak survey its offshore pipelines. The procedures in section 2.3.1 provide extensive detail about leak indications and survey methodologies as they applied to onshore pipelines without addressing considerations that are different for offshore pipelines.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. 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. 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). 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.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 45 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that XOM maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Wayne T. Lemoi, Director, Office of Pipeline Safety, PHMSA Southern Region. In correspondence concerning this matter, please refer to **CPF 2-2012-2002M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Wayne T. Lemoi
Director, Office of Pipeline Safety
PHMSA Southern Region

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*