

**NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 28, 2011

Ms. Rebecca Roberts
President
Chevron Pipeline Company
4800 Fournace place
Bellaire, TX 77401

CPF 4-2011-5003

Dear Ms. Roberts:

Following an accident on April 5, 2010, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code investigated a crude oil spill that occurred near Venice, LA.

As a result of the accident investigation, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation(s) are:

1. **§195.52 Telephonic notice of certain accidents**
 - (a) **At the earliest practicable moment following discovery of a release of the hazardous liquid or carbon dioxide transported resulting in an event described in §195.50, the operator of the system shall give notice, in accordance with paragraph (b) of this section, of any failure that:**
 - (4) **Resulted in pollution of any stream, river, lake, reservoir, or other similar body of water that violated applicable water quality standards, caused a discoloration of the surface of the water or adjoining shoreline, or deposited a sludge or emulsion beneath the surface of the water or upon adjoining shorelines;**

Chevron failed to give notice at the earliest practicable moment following discovery of a crude oil spill to the National Response Center (NRC). The spill occurred near Venice, LA at approximately 23:50 on 4/05/2010 due to a third party strike of Chevron's Cypress 10-inch line. The release occurred in a canal of the Mississippi Delta. A review of Chevron's SCADA records indicates that the flow rate dropped to 0 at approximately 1:29am on 4/6/2010. Chevron did not make a report to NRC (Report Number 936259) until 11:30 am on 4/6/10, approximately 11.5 hours after the accident occurred. This report makes reference that it was an update to NRC report 936217. However, NRC report 936217 was made by Berry Brothers General Contractor who was not employed nor contracted by Chevron.

2. §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. For the purpose of this section, the term "excavation activities" includes excavation, blasting, boring, tunneling, backfilling, the removal of above-ground structures by either explosive or mechanical means, and other earthmoving operations.

Chevron failed to carry out their Damage Prevention Program as described in their written procedures. Chevron developed written requirements in Section 5-Damage Prevention of Chevron's Core Liquid Pipeline Operating and Maintenance Procedure. This procedure states:

"Company representatives must examine each One-Call locate request received to determine if any Company pipelines must be located and marked prior to the proposed excavation. If a Company pipeline is not located in the vicinity of a planned excavation, a Company representative must take steps to inform the excavator that no marks are required. Positive response should be implemented to notify the excavator of the status of Company's marks as required by regulations imposed by applicable regulating authority."

One Call tickets for this area are to be processed by the Venice/Empire team. In order to retrieve the tickets, Chevron personnel must log into the National Ticket Management System (NTMS). For the Venice/Empire area there are at least six employees who have received training and have responsibility to check for tickets. A "One Call ticket" was made by Berry Brothers General Contracting on 3/30/2010 (Ticket #100132290). During the investigation it was discovered through interviews that for the period between 3/30/2010 and 4/5/2010 no Chevron personnel on the Venice/Empire team logged into the NTMS to retrieve "one call tickets". Because Chevron personnel did not retrieve the one call locate ticket (100132290) the pipeline was not properly located per Chevron's damage prevention procedure. Chevron's unmarked pipeline was struck by third party contractor causing a release of crude oil.

After the accident, Chevron took the following steps to correct the situation:

- Designation of an individual person in the Empire/Venice and Fourchon teams with daily responsibility of checking for One Call tickets

- Separation of Empire and Fourchon Teams into two separate response entities in the NTMS system
- Training Chevron Pipeline team members on One Call practices at all location
- Implementing company-wide a new ticketing system, including software, to facilitate and standardize One Call compliance, analysis, ticket management, dispatching, line location, scheduling of activity, monitoring, and inspection functions.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any 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 \$203,700 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$13,700
2	\$190,000

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. 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.

In your correspondence on this matter, please refer to **CPF 4-2011-5003** 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

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