

VIA CERTIFIED MAIL [71791000164304602744] AND FAX TO: [713-656-9579]

April 02 2013

Mr. Gary Pruessing
President
ExxonMobil Pipeline Company
800 Bell St., Room 741-D
Houston, TX 77002

Re: CPF No. 4-2013-5006H

Dear Mr. Pruessing:

Enclosed is a Corrective Action Order issued in the above-referenced case. It requires ExxonMobil Pipeline Company to take certain corrective actions with respect to the Pegasus Pipeline that failed on March 29, 2013, in Mayflower, Arkansas. Service is being made by certified mail and facsimile. Your receipt of this Corrective Action Order constitutes service of that document under 49 C.F.R. § 190.5. The terms and conditions of this Order are effective upon receipt.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Alan Mayberry, Deputy Associate Administrator for Field Operations, OPS
Mr. RM Seeley, Director, Southwest Region, OPS
Mr. Thad Massengale, ExxonMobil Pipeline Company (*via email to
thad.massengale@exxonmobil.com*)
Mr. James Stevens, Senior Counsel, ExxonMobil Pipeline Company (*via email to
james.r.stevens@exxonmobil.com*)

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

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In the Matter of)	
)	
ExxonMobil Pipeline Company,)	CPF No. 4-2013-5006H
)	
Respondent.)	
)	

CORRECTIVE ACTION ORDER

Purpose and Background

This Corrective Action Order (Order) is being issued, under the authority of 49 U.S.C. § 60112, to require ExxonMobil Pipeline Company (EMPCO or Respondent), to take necessary corrective action to protect the public, property, and the environment from potential hazards associated with the recent failure on the crude oil transmission pipeline known as the Pegasus Pipeline.¹

On March 29, 2013, an accident reportable under 49 CFR § 195.52 occurred on the Pegasus Pipeline, resulting in the release of approximately 3500 to 5000 barrels of crude oil (Failure). The Pegasus Pipeline is a 20-inch diameter pipeline approximately 850 miles in length that transports crude oil from Patoka, Illinois, to Nederland, Texas. The cause of the Failure has not yet been determined. Pursuant to 49 U.S.C. § 60117, the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), has initiated an investigation of the accident. The preliminary findings of the ongoing investigation are as follows.

Preliminary Findings

- EMPCO is an affiliate of ExxonMobil Pipeline Company, LP, and transports over 2.7 million barrels of crude oil and refined products every day through over 8000 miles of pipelines.²
- EMPCO’s Pegasus Pipeline is a 20-inch diameter pipeline, approximately 850 miles in length, which transports crude oil from Patoka, Illinois, to the Texas Gulf Coast.

¹ The Pegasus Pipeline is owned by Mobil Pipe Line Company and operated by EMPCO.

² See <http://www.exxonmobilpipeline.com/USA-English/EMPCo/ourcompany.aspx> (last accessed April 1, 2013).

- The Pegasus Pipeline was originally constructed in 1947 and 1948 and consists of 20-inch diameter, 0.312" wall thickness, API 5LX-42 pipe, and contains both seamless pipe and low frequency electric resistance welded pipe.
- In 2006, EMPCO reversed the system flow on the Pegasus Pipeline. The pipeline now flows south from Illinois to Texas. A change in the direction of flow can affect the hydraulic and stress demands on the pipeline.
- At approximately 3:15pm CDT, on March 29, 2013, a failure occurred on Respondent's Pegasus Pipeline in Faulkner County, Arkansas, resulting in the release of crude oil into a residential neighborhood. The Failure occurred near milepost 315 in a residential area in the town of Mayflower, Arkansas (Failure Site). EMPCO reported the Failure to the National Response Center on March 29, 2013, at approximately 4pm CDT (NRC Report No. 1042466). EMPCO estimates that approximately 3500-5000 barrels of crude oil was released as a result of the Failure.
- The maximum operating pressure (MOP) of the pipeline at the Failure Site is 820 psig, as established by hydrostatic test in 2006. At the time of the Failure, the actual operating pressure of the pipeline was 708 psig.
- EMPCO learned of the Failure due to a drop in pressure on the pipeline. Upon learning of the pressure drop, EMPCO began to close the valves upstream and downstream and isolated the Failure Site. The valves were closed within 16 minutes of the pressure drop. The valves isolating this section of the pipeline are 18 miles apart.
- Various state and federal agencies responded to the scene, including PHMSA, the U.S. Environmental Protection Agency, and local police.
- The accident did not cause any known injuries, fatalities, or fires. Local police evacuated 21 homes.
- The entire Pegasus Pipeline currently remains out of service.
- The cause of the failure is still undetermined and the investigation is ongoing. The pipe has not yet been excavated to allow for visual examination of the pipe. EMPCO is preparing to install stopple valves to allow for the removal of the damaged section of pipe. The failed pipe section will be sent to a metallurgist for examination and failure analysis.
- The Failure Site is in a High Consequence Area that has been identified as directly affecting a high population area under PHMSA's integrity management regulations.³ The released product entered the community's storm drainage system, which has been blocked off.

³ *High population area* and *High Consequence Area* are defined in § 195.450.

- The Failure Site is approximately one mile from Lake Conway, a 6,700-acre man-made lake that is connected to several creeks and used for recreational fishing. As of this time, it appears that none of the crude oil has contaminated the lake.
- EMPCO has initiated spill response to recover the spilled crude oil.
- In July 2010, EMPCO performed an in-line inspection of the portion of the Pegasus Pipeline surrounding the Failure Site using a magnetic flux leakage and caliper tool. EMPCO has reported that no significant anomalies in the area of Failure Site were found. In February 2013, EMPCO performed a transverse flux in-line inspection of the Pegasus Pipeline in the area of the Failure Site. EMPCO has not yet received the results from this in-line inspection.

Determination of Necessity for Corrective Action Order and Right to Hearing

Section 60112 of Title 49, United States Code, provides for the issuance of a Corrective Action Order, after reasonable notice and the opportunity for a hearing, requiring corrective action, which may include the suspended or restricted use of a pipeline facility, physical inspection, testing, repair, replacement, or other action, as appropriate. The basis for making the determination that a pipeline facility is hazardous, requiring corrective action, is set forth both in the above-referenced statute and 49 C.F.R. § 190.233, a copy of which is enclosed.

Section 60112 and the regulations promulgated thereunder provide for the issuance of a Corrective Action Order without prior opportunity for notice and hearing upon a finding that failure to issue the Order expeditiously will likely result in serious harm to life, property, or the environment. In such cases, an opportunity for a hearing will be provided as soon as practicable after the issuance of the Order.

After evaluating the foregoing preliminary findings of fact, I find that continued operation of the Pegasus Pipeline without corrective measures would be hazardous to life, property, and the environment. Additionally, having considered the uncertainties as to the cause of the Failure, the age of the pipeline, the unavailability of the results of the February 2013 in-line inspection, the 2006 change in direction of flow, the location of the Failure Site in a High Consequence Area, and the proximity of the pipeline to navigable waterways, environmentally sensitive areas and populated areas, I find that a failure to issue this Order expeditiously to require immediate corrective action would result in the likelihood of serious harm to life, property, or the environment.

Accordingly, this Corrective Action Order mandating immediate corrective action is issued without prior notice and opportunity for a hearing. The terms and conditions of this Order are effective upon receipt.

Within 10 days of receipt of this Order, Respondent may request a hearing, to be held as soon as practicable, by notifying the Associate Administrator for Pipeline Safety in writing, with a copy to the Director, Southwest Region, PHMSA (Director). If a hearing is requested, it will be held telephonically or in-person in Houston, Texas, or Washington, D.C.

After receiving and analyzing additional data in the course of this investigation, PHMSA may identify other corrective measures that need to be taken. In that event, Respondent will be

notified of any additional measures required and amendment of this Order will be considered. To the extent consistent with safety, Respondent will be afforded notice and an opportunity for a hearing prior to the imposition of any additional corrective measures.

Required Corrective Actions

Pursuant to 49 U.S.C. § 60112, I hereby order EMPCO to immediately take the following corrective actions on the Pegasus Pipeline (Affected Pipeline):

1. *Return to Service.* Obtain written approval from the Director prior to resuming operation.
2. *Restart Plan.* Develop and submit a written re-start plan for prior approval of the Director, Southwest Region. The restart plan must provide for adequate patrolling of the Affected Pipeline during the restart process and include measures to confirm the integrity of the pipeline facilities that were damaged or are suspected of being damaged as a result of the Failure. The restart plan must specify a daylight restart and provide for advance communications with local emergency response officials.
3. *Metallurgical Testing.* Within 45 days of receipt of this Order, complete mechanical and metallurgical testing and failure analysis of the failed pipe. Complete the testing and analysis as follows:
 - A. Document the chain-of-custody when handling and transporting the failed pipe section and other evidence from the failure site;
 - B. Within 10 days of receipt of this Order, develop and submit to the Director the testing protocol, including selection of the testing laboratory, for prior approval.
 - C. Prior to commencing the mechanical and metallurgical testing, provide the Director with the scheduled date, time, and location of the testing to allow a PHMSA representative to witness the testing; and
 - D. Ensure that the testing laboratory distributes all resulting reports in their entirety (including all media), whether draft or final, to the Director at the same time as they are made available to Respondent.
4. *Remedial Work Plan.* Within 90 days after completing the metallurgical testing and analysis, submit a remedial work plan (“Work Plan”) to the Director for approval. The Work Plan must provide for the verification of the integrity of the Affected Pipeline and must address all factors known or suspected in the Failure, including but not limited to the following:
 - A. The integration of the results of the failure analyses and other actions required by this Order with all relevant operating data including all historical repair information, results of past in-line inspections, construction, operating, maintenance, testing, metallurgical analysis or other third party consultation information, and assessment data for the Affected Pipeline;

- B. The performance of additional field testing, inspections, and evaluations to determine whether and to what extent the conditions associated with the Failure or any other integrity-threatening conditions are present elsewhere on the Affected Pipeline. The results of the inspections, field excavations, and evaluations must be made available to PHMSA or its representative;
 - C. The performance of repairs or other corrective measures that fully remediate the identified risk conditions associated with the Failure and any other integrity-threatening condition everywhere along the Affected Pipeline. Based on the known history and condition of the pipeline, the plans for repairs must include continuing long-term periodic testing and integrity verification measures to ensure the ongoing safe operation of the pipeline considering the results of the analyses, inspections, and corrective measures undertaken pursuant to the Order;
 - D. A proposed schedule for completion of Items A–C.
5. The Work Plan will be incorporated by reference into this Order. Respondent must revise the Work Plan as necessary to incorporate the results of actions undertaken pursuant to this Order and whenever necessary to incorporate new information obtained during the failure investigation and remedial activities. Submit any such plan revisions to the Director for prior approval. The Director may approve plan elements incrementally.
 6. Implement the Work Plan as approved by the Director, including any revisions to the plan.
 7. *Pressure Restriction.* After receiving approval from the Director to restart the Affected Pipeline, the pressure is not to exceed 80% of the actual operating pressure in effect immediately prior to the Failure, or 656 psig. This pressure reduction requires that any relevant remote or local alarm limits, software programming set-points or control points, and mechanical over-pressure devices be adjusted accordingly. This pressure restriction will remain in effect until written approval to increase the pressure or return the pipeline to its pre-failure operating pressure is obtained from the Director.
 8. *Removal of Pressure Restriction.* The Director may allow the removal or modification of the pressure restriction upon a written request from Respondent demonstrating that restoring the Affected Pipeline to its pre-failure operating pressure is justified based on a reliable engineering analysis showing that the pressure increase is safe considering all known defects, anomalies and operating parameters of the pipeline.
 9. *Reporting.* Submit quarterly reports to the Director that: (1) include all available data and results of the testing and evaluations required by this Order; and (2) describe the progress of the repairs or other remedial actions being undertaken. The first quarterly report is due on July 1, 2013. The Director may change the interval for the submission of these reports.
 10. *Documentation of the Costs.* It is requested but not required that Respondent maintain documentation of the costs associated with implementation of this Corrective Action Order. Include in each monthly report submitted, the to-date total costs associated with:

(1) preparation and revision of procedures, studies and analyses; (2) physical changes to pipeline infrastructure, including repairs, replacements and other modifications; and (3) environmental remediation, if applicable.

11. *Approvals.* With respect to each submission that under this Order requires the approval of the Director, the Director may: (a) approve, in whole or part, the submission; (b) approve the submission on specified conditions; (c) modify the submission to cure any deficiencies; (d) disapprove in whole or in part, the submission, directing that Respondent modify the submission, or (e) any combination of the above. In the event of approval, approval upon conditions, or modification by the Director, Respondent shall proceed to take all action required by the submission as approved or modified by the Director. If the Director disapproves all or any portion of the submission, Respondent must correct all deficiencies within the time specified by the Director, and resubmit it for approval.
12. *Extensions of Time.* The Director may grant an extension of time for compliance with any of the terms of this Order upon a written request timely submitted demonstrating good cause for an extension.

The actions required by this Corrective Action Order are in addition to and do not waive any requirements that apply to Respondent's pipeline system under 49 C.F.R. Part 195, under any other order issued to Respondent under authority of 49 U.S.C. § 60101 et seq., or under any other provision of Federal or State law.

Respondent may appeal any decision of the Director to the Associate Administrator for Pipeline Safety. Decisions of the Associate Administrator shall be final.

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).

Failure to comply with this Order may result in the assessment of civil penalties and in referral to the Attorney General for appropriate relief in United States District Court pursuant to 49 U.S.C. § 60120.

In your correspondence on this matter, please refer to CPF No. 4-2013-5006H and for each document you submit, please provide a copy in electronic format whenever possible.

The terms and conditions of this Corrective Action Order are effective upon receipt.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued