

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 17, 2015

Randall L. Curry
President
Chevron Pipeline Company
4800 Fournace Place
Bellaire, TX 77401

CPF 4-2015-5002M

Dear Mr. Curry:

On multiple occasions between April 8, 2014 and November 13, 2014, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Chevron Pipeline Company (CPL) procedures for operations and maintenance in Bellaire, TX.

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

1. §195.402 Procedural manual for operations, maintenance, and emergencies.

(a) *General.* Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.

§195.555 What are the qualifications for supervisors?

You must require and verify that supervisors maintain a thorough knowledge of that portion of the corrosion control procedures established under Sec. 195.402(c)(3) for which they are responsible for insuring compliance.

Chevron did not have adequate procedures requiring supervisors to maintain a thorough knowledge of the corrosion control procedures. Chevron's Core Liquid Plan; Section 10 states that the Supervisor of Corrosion Control must have thorough knowledge of corrosion control procedures for pipeline facilities, and lists three procedures; MIP 501 Cathodic Protection, MIP 502 Internal Corrosion Control, and 503 Coating Inspection & Repair. The last revision date for this procedure is October 2013. However, CPL has two additional procedures that are also a part of the Chevron Corrosion Control process; procedure 504 Tank Coating and Inspection and Repairs and procedure MIP 505 External Stress Corrosion Cracking Mitigation Plan. Neither procedure is included in the most recent Core Plan. The revised dates noted on those procedures are August 2012 and April 2011, respectively. CPL should revise its Core Plan to include these two additional procedures used as part of Chevron's Corrosion Control process.

2. §195.402 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.

§195.573 What must I do to monitor external corrosion control?

(c) Rectifiers and other devices. You must electrically check for proper performance each device in the first column at the frequency stated in the second column.

Device	Check frequency
Rectifier. Reverse current switch. Diode. Interference bond whose failure would jeopardize structural protection.	At least six times each calendar year, but with intervals not exceeding 2 ½ months
Other interference bond.	At least once each calendar year, but with intervals not exceeding 15 months.

Chevron’s procedures, CPL MIP 501 Cathodic Protection, Section 5.3.1 fails to provide definitions for the terms “Interference Bond” and “Other Critical Bond.” The procedure does not provide information to distinguish whether an Other Critical Bond is different from an Interference Bond (Critical Bond) whose failure would jeopardize structural protection. In addition, CPL’s MIP 501 Cathodic Protection procedure is inadequate because section 5.3.1 states that each other critical bond must be checked at least once each calendar year, but with intervals not exceeding 15 months. As per §195.573(c), any critical bond must be checked at least six (6) times each calendar year with intervals not exceeding 2-½ months.

CPL should revise its procedure to include a definition of the Interference Bond and Other Critical Bond and the requirements for inspecting these bonds as required by §195.573(c).

3. §195.402 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.

§195.424 Pipe movement.

(b) No operator may move any pipeline containing highly volatile liquids where materials in the line section involved are joined by welding unless-

- (1) Movement when the pipeline does not contain highly volatile liquids is impractical;
- (2) The procedures of the operator under §195.402 contain precautions to protect the public against the hazard in moving pipelines containing highly volatile liquids, including

- the use of warnings, where necessary, to evacuate the area close to the pipeline; and
- (3) The pressure in that line section is reduced to the lower of the following:
 - (i) Fifty percent or less of the maximum operating pressure; or
 - (ii) The lowest practical level that will maintain the highly volatile liquid in a liquid state with continuous flow, but not less than 50 p.s.i. (345 kPa) gage above the vapor pressure of the commodity.

CPL's MIP 405 procedure for line lowering of in-service pipelines does not provide for the pressure reduction requirements found in §195.424. Chevron's operating procedures, MIP 405 Line Lowering (revised April 2013), is the specification used by CPL that prescribes the technical requirements for the lowering of all CPL pipelines while in-service. This procedure is not referenced in CPL's Core Liquid Pipeline Operating and Maintenance Procedural Manual last revised October 2013.

Section 5 of MIP 405 states that the pipeline pressure shall be reduced to either 50% of MOP or the lowest level needed to maintain continuous flow (but not less than 50 psi above commodity vapor pressure). CPL should revise the technical procedure MIP 405 to meet the requirements of §195.424 concerning the level of pipeline pressure allowed during in-service movement.

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 Chevron Pipeline Company maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to R. M. Seeley, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 4-2015-5002M** 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*