

December 1, 2016

Mr. John S. Watson  
Chairman and Chief Executive Officer  
Chevron U.S.A., Inc.  
100 Northpark Blvd.  
Covington, LA 70433

**Re: CPF No. 4-2016-7003**

Dear Mr. Watson:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and finds that Chevron U.S.A., Inc. has completed the actions specified in the Notice to comply with the pipeline safety regulations. Therefore, this case is now closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry  
Acting Associate Administrator  
for Pipeline Safety

Enclosure

cc: Mr. Rodrick M. Seeley, Director, Southwest Region, OPS  
Mr. Michael Illanne, Vice President, Chevron U.S.A., Inc.

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

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

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<b>In the Matter of</b>	)	
	)	
<b>Chevron U.S.A., Inc.,</b>	)	<b>CPF No. 4-2016-7003</b>
	)	
<b>Respondent.</b>	)	
	)	

**FINAL ORDER**

On May 23, 2016, through June 1, 2016, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the records of Chevron U.S.A., Inc. (Chevron or Respondent) in Covington, Louisiana, and the facilities in Port Fourchon, Louisiana. Chevron transports both crude oil and natural gas from platforms in the Gulf of Mexico to an onshore location in Louisiana.<sup>1</sup> The portion of Chevron’s pipeline system in the Gulf of Mexico subject to Department of Transportation (DOT) regulations is approximately 47 total miles.<sup>2</sup>

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated August 29, 2016, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Chevron had violated 49 C.F.R. § 195.452(l)(1) and proposed ordering Respondent to take certain measures to correct the alleged violation.

Chevron responded to the Notice by letter dated September 28, 2016 (Response). The company did not contest the allegation of violation but provided information concerning the corrective actions it had taken and submitted copies of its revised procedures. Respondent did not request a hearing and therefore has waived its right to one.

**FINDING OF VIOLATION**

In its Response, Chevron did not contest the allegation in the Notice that it violated 49 C.F.R. Part 195, as follows:

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<sup>1</sup> Pipeline Safety Violation Report (Violation Report), (Aug. 17, 2016) (on file with PHMSA), at 1.

<sup>2</sup> *Id.*

**Item 1:** The Notice alleged that Respondent violated 49 C.F.R. § 195.452(l)(1), which states:

**§ 195.452 Pipeline integrity management in high consequence areas.**

(a) . . . .

(1) *What records must an operator keep to demonstrate compliance?*

(1) An operator must maintain, for the useful life of the pipeline, records that demonstrate compliance with the requirements of this subpart. At a minimum, an operator must maintain the following records for review during an inspection:

(i) A written integrity management program in accordance with paragraph (b) of this section.

(ii) Documents to support the decisions and analyses, including any modifications, justifications, deviations and determinations made, variances, and actions taken, to implement and evaluate each element of the integrity management program listed in paragraph (f) of this section.

The Notice alleged that Respondent violated 49 C.F.R. § 195.452(l)(1) by failing to maintain documents to support the decisions and analyses, including any modifications, justifications, deviations and determinations made, variances, and actions taken, to implement and evaluate each element of the integrity management program (IMP) listed in § 195.452(f). Specifically, the Notice alleged that on two separate instances, Chevron could not produce documentation demonstrating compliance with the IMP concerning periodic evaluations and overall program effectiveness.<sup>3</sup> First, Chevron could not produce a record demonstrating preventative and mitigative measures were implemented in locations designated as “could affect” high consequence areas. Chevron’s IMP Section 7.03 requires documentation of the justification of these actions. Second, Chevron could not produce requested copies of the evaluation report determining the overall performance effectiveness of its IMP. Chevron’s IMP Section 9.02 requires annual completion of the report.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 195.452(l)(1) by failing to maintain documents to support the decisions and analyses, including any modifications, justifications, deviations and determinations made, variances, and actions taken, to implement and evaluate each element of the IMP listed in § 195.452(f).

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

**COMPLIANCE ORDER**

The Notice proposed a compliance order with respect to Item 1 in the Notice for violation of 49 C.F.R. § 195.452(l)(1). Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids or who owns or operates a pipeline facility is required to

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<sup>3</sup> Notice of Probable Violation and Proposed Compliance Order (Notice), at 2.

comply with the applicable safety standards established under chapter 601. The Director indicates that Respondent has taken the following actions specified in the proposed compliance order:

1. With respect to the violation of § 195.452(l)(1) (**Item 1**), Respondent has identified all preventative and mitigative actions considered and implemented following the latest assessment on all PHMSA-regulated segments under the DOT Hazardous Liquid IMP. Chevron has documented these activities in a manner required by the IMP, and provided to the Director a list of all recommended preventative measures including a timeline for completion, current status, completion date, and any justification for those identified measures that were deemed not cost effective.
2. With respect to the violation of § 195.452(l)(1) (**Item 1**), Respondent has provided to the Director a copy of the evaluation report required by Section 9.02 of the IMP pertaining to the annual evaluation for the two most recent calendar years (2014 and 2015).

Accordingly, I find that compliance has been achieved with respect to this violation. Therefore, the compliance terms proposed in the Notice are not included in this Order.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

December 1, 2016

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Alan K. Mayberry  
Acting Associate Administrator  
for Pipeline Safety

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Date Issued