

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 11, 2017

Mr. Geoffrey Craft
Vice President, Operations
ExxonMobil Pipeline Company
22777 Springwoods Village Pkwy, E3.5A.385
Spring, TX 77389-2170

CPF 4-2017-5027

Dear Mr. Craft:

On multiple occasions between March 11, 2013 and February 18, 2016, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code inspected ExxonMobil Pipeline Company (EMPCo) procedures, records, and pipeline facilities at the EMPCo campus in The Woodlands, TX.

As a result of the inspection, 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 violations are:

1. § 195.505 Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

- (a) Identify covered tasks;**
- (b) Ensure through evaluation that individuals performing covered tasks are qualified;**
- (c) Allow individuals that are not qualified pursuant to this subpart to perform a covered task if directed and observed by an individual that is qualified;**
- (d) Evaluate an individual if the operator has reason to believe that the individual's performance of a covered task contributed to an accident as defined in Part 195;**
- (e) Evaluate an individual if the operator has reason to believe that the individual is no longer qualified to perform a covered task;**
- (f) Communicate changes that affect covered tasks to individuals performing those covered tasks;**
- (g) Identify those covered tasks and the intervals at which evaluation of the individual's qualifications is needed;**
- (h) After December 16, 2004, provide training, as appropriate, to ensure that individuals performing covered tasks have the necessary knowledge and skills to perform the tasks in a manner that ensures the safe operation of pipeline facilities; and**
- (i) After December 16, 2004, notify the Administrator or a state agency participating under 49 U.S.C. Chapter 601 if the operator significantly modifies the program after the administrator or state agency has verified that it complies with this section. Notifications to PHMSA may be submitted by electronic mail to InformationResourcesManager@dot.gov, or by mail to ATTN: Information Resources Manager DOT/PHMSA/OPS, East Building, 2nd Floor, E22-321, New Jersey Avenue SE., Washington, DC 20590.**

EMPCo failed to follow their written qualification program. Specifically, EMPCo failed to follow their provisions to evaluate and requalify an employee after the employee improperly installed a pipeline cathodic protection rectifier, a covered task under the Operator's Qualification program. The employee reversed the rectifier connections essentially making the pipeline the anode. The EMPCo's Qualification of Pipeline Personnel Procedure, "Requalification," section 4.3.3 states that, "If an individual's performance is identified to be unsatisfactory, regardless of whether it has resulted in an incident, the individual must be requalified prior to further performance of the covered task. The employee was requalified 8 months after the incident only after being questioned by PHMSA staff during the inspection about not following their company procedures. EMPCo must re-evaluate personnel when their performance is unsatisfactory in accordance with the requirements of §195.505 and the Operator's Qualification program.

2. § 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.

EMPCo failed to electronically check the performance of a newly installed rectifier according to the intervals required by the regulation. During the month of July 2012 an EMPCo employee improperly installed a rectifier by reversing the connections. EMPCo did not discover this error until January 18, 2013, approximately six (6) months after the rectifier was installed. EMPCo could not have performed checks for proper performance with the frequency specified by §195.573(c) during this period of time and not have detected the reversed rectifier connections.

3. § 195.571: What Criteria must I use to determine the adequacy of the cathodic protection?

Cathodic protection required by this subpart must comply with one or more of the applicable criteria and other considerations for cathodic protection contained paragraphs 6.2.2, 6.2.3, 6.2.4, 6.2.5 and 6.3 in NACE SP 0169 (incorporated by reference, see §195.3).

EMPCo failed to maintain adequate cathodic protection on their pipeline as required by §195.571 and NACE SP0169-2007 paragraphs 6.2 and 6.3, incorporated by reference. The reversed rectifier connection made the pipeline anodic, caused current to be discharged off of the pipeline and result in probable corrosion. The reversed connection would also result in the polarity of the measurements made to confirm that one of the required criterion was being met using the normal test connections. EMPCo could not have met one of the required cathodic protection criterion required by §195.571 (and the referenced standard) on the segment of pipeline intended to be protected primarily by the reversed rectifier and associated ground bed during the 6-month period the rectifier leads were reversed.

4. § 195.452: Pipeline integrity management in high consequence areas.

(j) What is a continual process of evaluation and assessment to maintain a pipeline's integrity?

(2) Evaluation. An operator must conduct a periodic evaluation as frequently as needed to assure pipeline integrity. An operator must base the frequency of evaluation on risk factors specific to its pipeline, including the factors specified in paragraph (e) of this section. The evaluation must consider the results of the baseline and periodic integrity assessments, information analysis (paragraph (g) of this section), and decisions about remediation, and preventive and mitigative actions (paragraphs (h) and (i) of this section).

EMPCo failed to perform an integrity assessment of the pipeline segment that was affected by the improper installation of a pipeline cathodic protection rectifier. EMPCo installed the rectifier with the leads reversed effectively making the pipeline anodic and resulting in a condition that would cause current to be discharged from the pipeline and putting the pipeline at risk for rapid corrosion. EMPCo failed to discover the condition for approximately six months after the rectifier was improperly installed which provided a significant amount of time for corrosion to occur, damage the pipeline, and create an integrity threatening condition. Once EMPCo discovered the error and became aware of the likelihood for corrosion damage to the pipeline that could result in an integrity threatening condition, the Operator should have performed an integrity assessment according to the requirements of §195.452(j)(2) and referenced information analysis in §195.452(g)(3).

EMPCo did perform in-line inspections using a Transverse Field Inspection (TFI) tool on March 26, 2013 and an ultrasonic in-line inspection tool on May 24 2013 some two and six months after the discovery of the improperly installed rectifier. However, these in-line inspections were performed as regularly scheduled assessments and there was no specific attention or grading instructions provided to the in-line inspection vendor given to evaluate the pipeline metal loss and consequent potential integrity threat caused by the rectifier reversal. The Operator should have performed an integrity assessment of the affected pipeline segment to ensure that corrosion resulting from the very serious error of reversing the rectifier leads did not result in an integrity threat requiring immediate repairs.

Proposed Civil Penalty

As of April 27, 2017, under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists up to a maximum of \$2,090,022 for a 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 \$203,400 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$63,900
2	\$75,600
3	\$63,900

Warning Items

With respect to Item (4) we have reviewed the circumstances and supporting documents involved in this case and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to promptly correct this item. Failure to do so may result in additional enforcement action.

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. All material submit in response to this enforcement action may be 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 4-2017-5027** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Frank Causey
Acting Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration