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SENT VIA EMAIL: mary.mcdaniel@dot.gov

April 2, 2021

Ms. Mary L. McDaniel, P.E.
Director, Southwest Region
Pipeline and Hazardous Material Safety Administration
8701 S. Gessner Road, Suite 360
Houston, TX 77074

RE: CPF 4-2021-013-NOPV
Notice of Amendment – PHMSA ExxonMobil SYU Inspection
Written Response

Dear Ms. McDaniel:

ExxonMobil Upstream Oil & Gas, US Conventional (“ExxonMobil” or “Company”) received the Notice of Probable Violation (NOPV), Proposed Civil Penalty, and Proposed Compliance Order dated March 4, 2021 from the Pipeline and Hazardous Materials Safety Administration (PHMSA) concerning possible inadequacies within ExxonMobil’s Operations, Maintenance, and integrity management plans and procedures. The letter was received on March 4, 2021.

Possible inadequacies, as identified by PHMSA representatives, appear in bolded text with the Company’s response to each immediately following the bolded text.

1. **§ 195.49 – Annual report.**

Each operator must annually complete and submit DOT Form PHMSA F 7000-1.1 for each type of hazardous liquid pipeline facility operated at the end of the previous year. An operator must submit the annual report by June 15 each year, except that for the 2010 reporting year the report must be submitted by August 15, 2011. A separate report is required for crude oil, HVL (including anhydrous ammonia), petroleum products, carbon dioxide pipelines, and fuel grade ethanol pipelines. For each state a pipeline traverses, an operator must separately complete those sections on the form requiring information to be reported for each state.

ExxonMobil failed to complete and timely submit DOT Form PHMSA F 7000-1.1 for each type of hazardous liquid pipeline facility operated at the end of the previous year for calendar year 2019. ExxonMobil filed its 2019 Annual Report on July 8, 2020, which was 23 days late.

In addition, PHMSA inspectors compared ExxonMobil’s 2018 Annual Report and the 2019 Annual Report, which uncovered discrepancies in the mileages by system type. For 2018, ExxonMobil reported 1.15 onshore interstate pipeline miles, 5.05 offshore interstate pipeline miles, and 4.63 OCS-Pacific pipeline miles. This is inconsistent with the mileage reported in 2019, where ExxonMobil reported 4.63 offshore interstate pipeline miles, 1.15 onshore intrastate pipeline miles, and 5.05 offshore intrastate pipeline miles, which does not match the actual mileage for each of the categories.

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ExxonMobil has already submitted a corrected 2019 Annual Supplemental Report to PHMSA.

ExxonMobil confirmed the mileages by system type submitted on the 2018 Annual Report following the subject inspection. ExxonMobil submitted a 2019 Annual Report (Supplemental) with the corrected mileages by system type on November 10, 2020 via the PHMSA portal. A copy of the 2019 Annual (Supplemental) report has been attached to this email.

2. **§ 195.440 – Public awareness.**

(a) ...

(c) The operator must follow the general program recommendations, including baseline and supplemental requirements of API RP 1162, unless the operator provides justification in its program or procedural manual as to why compliance with all or certain provisions of the recommended practice is not practicable and not necessary for safety.

ExxonMobil failed to follow the general program recommendations of API RP 1162, “Public Awareness Programs for Pipeline Operators” for conducting effectiveness reviews of its Public Awareness Program as required by § 195.440(c). Specifically, ExxonMobil had not performed a review of its Public Awareness Program annually as required by API RP 1162, Section 8.3 Measuring Program Implementation, nor measured its program effectiveness every 4 years as required by API RP 1162, Section 8.4 Measuring Program Effectiveness. Additionally, ExxonMobil incorporates Section 8 of API RP 1162 into its Public Awareness Program.

During the inspection, ExxonMobil was unable to provide documentation that it performed an effectiveness review nor provided a justification as to why compliance with these provisions of API RP 1162 were not practicable and not necessary for safety. Instead, ExxonMobil stated that the reason the effectiveness reviews were not performed for this pipeline was that RP stands for Recommended Practice and, therefore, ExxonMobil did not have to comply with a Recommended Practice. However, § 195.440(c) plainly states that an operator must follow the general program recommendations, including baseline and supplemental requirements of API RP 1162.

ExxonMobil is hereby providing an overview of its Public Awareness Program to demonstrate its compliance with API Recommended Practice (RP) 1162 1st edition, in accordance with 49 CFR 195.3(b)(8). Specifically, a program evaluation and improvement is included in Section 11 of the Public Awareness Program.

ExxonMobil performs an annual program effectiveness review meeting the requirements in the API RP 1162 Program Effectiveness Review, which is to be conducted every 4 years. The goal of the evaluation process is to assure sufficient awareness by the affected public, emergency response and public officials, excavators, and other identified audiences and to identify adjustments to the program that will provide improved safety and awareness.

Each year, each work area develops an action plan for each pipeline system’s Public Awareness Campaign in Form PA-3. The action plan includes planned messages and methods to contact affected public, emergency officials, local officials and excavators. Methods may include mailout of safety brochures and bounce-back cards with effectiveness questions, public liaison meetings, and newspaper ads. Following the execution of the action plan, the details of implementation are documented on Forms PA-4 and PA-5. Using Forms PA-4 and PA-5 and bounce-back cards for the previous program cycle, the

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Public Awareness Program administrator completes form PA-6 to indicate compliance with regulatory requirements, measurements of performance, and recommendations for improvement in the plan.

The objective of ExxonMobil's program evaluation, as documented on Form PA-6, is to address the program implementation and effectiveness. The specific evaluation questions are listed below:

Program Implementation

- Is the Public Awareness Plan supported by management?
- Are we doing what we say we will do in the Public Awareness Plan?
- Is the Public Awareness Plan implemented through clear action plans?
- Are key personnel responsible for plan implementation accountable?

Program Effectiveness

- Are program materials readable and understandable by most of the intended audience?
- Do program materials convey the messages?
- Do program materials reach intended audiences?
- Would a significant proportion of the intended audience recall the most important messages relayed?
- Does the Public Awareness Plan achieve its goals in an efficient manner?

ExxonMobil measures the program implementation using the following forms, which are reviewed annually to assess the implementation of the plan:

- Form PA-2, which documents local knowledge and parameters which may potentially affect persons and institutions
- Form Excavator List (EL), which identifies frequent or problem excavators in the area
- Form PA-3, Comparison of area action plans with activities, including Public Liaison Meetings and one call update and participation, brochures mailed and newspaper ads run.

ExxonMobil has established a variety of measures to gauge program effectiveness. Direct communication such as bounce-back reply messages can provide data about the general function of the program. To measure effectiveness of the plan and program, the following information is collected and compared to previous program years to indicate trends:

- Incidents or accidents resulting from third party activity
- Total leaks and leaks per mile on pipelines covered under the plan
- Total leaks and leaks per mile due to outside forces or construction activity
- Total pipeline safety brochures mailed by audience type
- Total newspaper ads run
- Total number of public liaison meetings conducted
- Total bounce-back cards received as percentage of total mailed
- Bounce-back survey results – basic understanding of message (average of questions 1-4)
- Bounce-back survey results –knowledge gained (trend in specific answers: purpose of markers, recognition of a leak, leak response, emergency contacts, pipeline proximity, and overall level of concern about pipeline operations)

3. § 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”

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includes excavation, tunneling, backfilling, the removal of aboveground structures by either explosive or mechanical means, and other earthmoving operations.

ExxonMobil failed to carry out its written damage prevention program to prevent damage to its pipeline from excavation activities. ExxonMobil's written Operations, Maintenance, & Emergency Manual (OM&E Manual) dated December 20, 2019, "Section: 2.3.5 Damage Prevention Program", requires that a "list of local excavators who have significant activities in the work area or who have caused problems" in connection with ExxonMobil pipelines, should be reviewed annually and documented on DOT Form EL. Following the annual review of the excavator list, ExxonMobil's DOT Subject Matter Expert is to complete a mail out pursuant to the Public Awareness Program, which includes excavators identified on DOT Form EL.

PHMSA inspectors reviewed ExxonMobil's completed DOT Form EL dated October 25, 2015, September 20, 2016, December 11, 2017, November 28, 2018, and December 12, 2019, and found three excavators listed. However, when the 2019 mailing list of excavators was reviewed, PHMSA inspectors found that the mailing list was not updated as required to include the three excavators identified on the DOT Form EL. Therefore, ExxonMobil did not comply with its own written damage prevention program to prevent damage to its pipeline from excavation activities in accordance with § 195.442.

The OME Manual Section 2.3.5 Damage Prevention Program, requires that a "list of local excavators who have significant activities in the work area or who have caused problems" in connection with ExxonMobil pipelines, should be reviewed annually and documented on DOT Form EL.

Annual review of the excavator list including completing a mail out pursuant to the Public Awareness Program is completed by the DOT Subject Matter Expert. Failure to include the three excavators was an administrative oversight. ExxonMobil will take this opportunity to update the "list of local excavators" to include the three excavators identified in the DOT Form EL and to complete a mail out as described in the Public Awareness Program.

4. § 195.505 – Qualification program.

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

(a) ...

(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.

ExxonMobil failed to notify the Administrator of significant modifications made to the Operator Qualification Program (OQ Program) in the year 2019. ExxonMobil's written OQ Program, "Section 1.6.3 Notification of Significant Changes to PHMSA and State Agencies" contains a requirement that once the OQ Program "has been inspected by the Pipeline and Hazardous Materials Safety Administration (PHMSA) and/or State Regulatory Agencies, high impact changes will be submitted to these agencies."

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ExxonMobil completed a wide range of changes in its 2019 OQ Program to include the removal of assets covered by the OQ Program, which included approving OQ modules for various covered tasks, changes in course materials, and replacing computer-based training with a third-party service provider, therefore changing the acceptable method of evaluations. PHMSA inspectors reviewed Pipeline Data Mart OQ Notifications for OPID 4908 and found no previous OQ Notification submissions. During the inspection, PHMSA inspectors requested documentation of the most recent OQ Notification, but ExxonMobil was not able to provide any records of any submissions to PHMSA.

As described more fully below, ExxonMobil respectfully disagrees with PHMSA's determination that ExxonMobil made "significant" modifications to its Operator Qualification Program (OQ Program). The OQ Program Section 1.6.3 Notification of Significant Changes to PHMSA and State Agencies states: "Once this plan has been inspected by the Pipeline and Hazardous Materials Safety Administration (PHMSA) and / or State Regulatory Agencies, high impact changes will be submitted to these agencies in writing with a letter accompanying the program to explain the changes. This notification will be addressed to PHMSA and the applicable State Regulatory Agency headquarters."

In CPF 4-2021-013-NOPV, the following have been identified as significant changes requiring notifications to the Administrator:

- Removal of assets covered by the OQ Program
- Approving OQ modules for various covered tasks
- Changes in course materials
- Replacing computer-based training with a Third-Party service provider; therefore changing the acceptable method of evaluations

However, ExxonMobil did not notify the Administrator because the changes listed above were determined to be *insignificant* changes to the OQ Program.

- The removal of the Mobile Bay pipeline system, located in Mobile, Alabama, did not affect the OQ Program implemented at the Santa Ynez Unit facility off the coast of Santa Barbara, California. Though both assets are operated by ExxonMobil, they are stewarded by asset-specific personnel focused on the personnel needs and requirements of each pipeline system.
- Course materials (i.e., Computer Based Training or OQ Modules) were replaced with newer content from the same Third-Party service provider, in order to improve its effectiveness.
- The method of evaluation for ExxonMobil's OQ Program was not revised. Method's to determine an individual's ability to perform a covered task include a knowledge based component in addition to a hands-on observation.

5. § 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 § 195.402(c)(3) for which they are responsible for insuring compliance.

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

ExxonMobil's OM&E Manual, "Section 5 Personnel Training and Review" states, "Supervisors must maintain a thorough knowledge of that portion of the corrosion control procedures for which they are responsible for insuring compliance. Annually, supervisors will indicate, by signing DOT

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Form TR, that they understand the corrosion control procedures employed for the DOT pipelines they steward...”

PHMSA inspectors reviewed ExxonMobil’s completed DOT Form TR records dated January 10, 2018, January 9, 2019, and January 7, 2020, and found that the forms were not signed by the supervisors but instead were signed by the ExxonMobil Safety and Risk Advisor. Pursuant to § 195.555, as well as ExxonMobil’s procedures, ExxonMobil must require and verify that supervisors maintain a thorough knowledge of the corrosion control procedures and that said supervisors sign DOT Form TR to acknowledge such an understanding.

Additionally, ExxonMobil requires that four supervisors for the Santa Ynez pipeline system complete DOT Pipeline Safety Phase 1 training, the required corrosion control training for the company’s supervisors. A review of records showed that each supervisor was found to either have a lapse in qualification or a lapse in qualification from when they assumed the role of supervisor to when they completed the required training, and in some cases both lapses.

- **Supervisor #1: Records show the following: a 45-day lapse in qualification from July 3, 2018 to August 17, 2018 and a 402-day lapse in qualification from August 17, 2019, until the date the records were reviewed on September 22, 2020.**
- **Supervisor #2: Records show a 359-day lapse in qualification from when he assumed the supervisor role on April 20, 2019 to April 13, 2020, when he took the required training.**
- **Supervisor #3: Records show that there is a 439-day lapse in training from when he assumed the supervisor role on July 12, 2018, to when he completed the required training on September 24, 2019.**
- **Supervisor #4: Records show that there was a 45-day lapse in training from June 7, 2019 to July 22, 2019 and another 25-day gap in his training from July 21, 2020 to August 15, 2020.**

ExxonMobil previously identified opportunities for improvement in its Learning Management System (LMS). In 3Q2019, a new LMS was implemented to improve visibility in training tracking and to assist in reducing lapses in training.

Pursuant to § 195.555, and as listed in our OME Manual, ExxonMobil will share the findings from this inspection to reinforce that Supervisors need to maintain a thorough knowledge of the corrosion control procedures via completion of training and to sign DOT Form TR to acknowledge such an understanding.

ExxonMobil intends to take the actions as outlined in the proposed compliance order within the time frame as initiated by issuance of the Final Order.

If you have any questions, please contact Adolfo Calero, Regulatory Specialist, at adolfo.a.calero@exxonmobil.com or 832-624-2721.

Respectfully submitted,

DocuSigned by:

Otis Dickinson

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