

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 19, 2007

Mr. Gene Ketcham
HES Specialist, NA Logistics
ChevronTexaco Products Company
5924 NW Front Avenue
Portland, OR 97210

CPF 5-2007-5038W

Dear Mr. Ketcham:

On March 12, 2007, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Portland Breakout Tanks in Portland, Oregon.

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. §195.581 Atmospheric Corrosion

(a) You must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.

- (c) Except portions of pipelines in offshore splash zones or soil-to-air interfaces, you need not protect against atmospheric corrosion any pipeline for which you demonstrate by test, investigation, or experience appropriate to the environment of the pipeline that corrosion will –**
- (1) Only be a light surface oxide; or**
 - (2) Not affect the safe operation of the pipeline before the next scheduled inspection.**

Visual examination of tank farm facilities revealed unsatisfactory conditions involving substantial atmospheric corrosion, lack of dielectric interface between station piping and support structures, and above-ground paint failure and pitting within many areas of horizontal piping. Visual evidence further suggests that these conditions have existed for many years.

2. §195.432 Breakout tanks.

- (b) Each operator shall inspect the physical integrity of in-service atmospheric and low-pressure steel aboveground breakout tanks according to section 4 of API Standard 653. However, if structural conditions prevent access to the tank bottom, the bottom integrity may be assessed according to a plan included in the operations and maintenance manual under §195.402(c)(3).**

Field reviews showed advanced exterior paint failure, pitting, and atmospheric corrosion on most storage tanks and horizontal piping.

An operator has the responsibility under the Code of Federal Regulations to maintain its facilities free of visible paint failure, pitting, and atmospheric corrosion, and to keep a maintenance schedule that projects an estimated timetable of future paint failure, pitting, and corrosion mitigation efforts.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. 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 correct the item(s) identified in this letter. Failure to do so will result in ChevronTexaco Products Company being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2007-5038W**. 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).

Sincerely,

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 J. Kenerson (#118892)