

## WARNING LETTER

**VIA FEDERAL EXPRESS (FEDEX) – 7984 3805 5087**

March 2, 2010

Mr. Dave Feiglstock  
General Manager  
Chevron USA, Inc.  
6001 Bollinger Canyon Rd.  
San Ramon, CA 94583

**CPF 5-2010-5006W**

Dear Mr. Feiglstock:

On November 19, 2009, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Chevron USA, Inc.'s (Chevron) facilities and records in Hilo, Hawaii.

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. §195.406 Maximum operating pressure.**

**(b) No operator may permit the pressure in a pipeline during surges or other variations from normal operations to exceed 110 percent of the operating pressure limit established under paragraph (a) of this section. Each operator must provide adequate controls and protective equipment to control the pressure within this limit.**

On July 13, 2009, at 1530 hrs., Chevron overpressured the Hawaiian Electric Light Company's (HELCO) pipeline to 588 PSI. The MOP of the HELCO pipeline is 522 PSI. This overpressure of the HELCO pipeline by 113% exceeds that required by 195.406 (b). Chevron

submitted a Safety Related Condition Report on July 20, 2009, stating that “Pump 120 restarted unexpectedly and pressured the HELCO pipeline.”

**2. §195.581 Which pipelines must I protect against atmospheric corrosion and what coating material may I use?**

- (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.**
- (b) Coating material must be suitable for the prevention of atmospheric corrosion.**
- (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.**

Chevron failed to clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere with a coating that is suitable for the prevention of atmospheric corrosion. Specifically, the 250’ of 8” diameter above-ground regulated piping and pig launcher that is contained within the Hilo Marine Terminal facility exhibits extensive atmospheric corrosion. Further, Chevron provided no record or investigation to demonstrate that the corrosion is only a light surface oxide or that the corrosion will not affect the safe operation of the pipeline before the next scheduled inspection.

**3. §195.583 What must I do to monitor atmospheric corrosion control?**

- (a) You must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:**

<b>If the pipeline is located:</b>	<b>Then the frequency of inspection is:</b>
<b>Onshore.....</b>	<b>At least once every 3 calendar years, but with intervals not exceeding 39 months.</b>

- (c) If you find atmospheric corrosion during an inspection, you must provide protection against the corrosion as required by Sec. 195.581.**

Chevron failed to provide atmospheric corrosion monitoring records in accordance with 195.581 (a).

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 Chevron USA, Inc. 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 5-2010-5006W**. 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,

Dennis Hinnah  
Deputy Director, Western Region  
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry  
PHP-500 J. Strawn (#127266)