

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 20, 2010

Mr. Gary W. Pruessing
President
ExxonMobil Pipeline Company
800 Bell Street, Room 741D
Houston, TX 77002

CPF 5-2010-5022W

Dear Mr. Pruessing:

On July 27 to 30, 2009, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected ExxonMobil's Silvertip Pipeline from the Silvertip Basin in Southern Montana to the ExxonMobil Refinery in Billings, Montana.

As a result of the inspection, it appears that ExxonMobil has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

1. §195.116 Valves.

Each valve installed in a pipeline system must comply with the following:

(e) Each valve other than a check valve must be equipped with a means for clearly indicating the position of the valve (open, closed, etc.).

At the Silvertip Station, the launcher bypass valves do not have a means for clearly indicating the position of the valves. ExxonMobil is required to have valves with a device that will indicate the position of the valves.

2. § 195.420 Valve maintenance.

(a) Each operator shall maintain each valve that is necessary for the safe operation of its pipeline systems in good working order at all times.

During the field inspection of the Silvertip Pipeline, it was noted that Valve 1060 and Valve 1061 were leaking crude oil from the bonnets and/or stem packing as there was fresh crude oil on the soil immediately adjacent the valves. ExxonMobil submitted documentation a few weeks after the inspection to indicate that the valves had been replaced with new valves and that the crude oil had been cleaned up. ExxonMobil must ensure that each valve that is necessary for the safe operation of the Silvertip Pipeline is in good working condition at all times.

3. § 195.412 Inspection of rights-of-way and crossings under navigable waters.

(a) Each operator shall, at intervals not exceeding 3 weeks, but at least 26 times each calendar year, inspect the surface conditions on or adjacent to each pipeline right-of-way. Methods of inspection include walking, driving, flying or other appropriate means of traversing the right-of-way.

During the field inspection of the Silvertip Pipeline, it was noted that the pipeline right-of-way on the south bank of the Clark's Fork of the Yellowstone River was covered by excessive vegetation, and it appeared that it was not visible by aerial patrols. ExxonMobil submitted documentation a few weeks after the inspection documenting that this area had been cleared of vegetation for effective aerial patrols. ExxonMobil must ensure that all portions of the pipeline right-of-way are cleared of vegetation to ensure that it is visible to aerial patrols. If removal of the vegetation along portions of the right-of-way is impractical, ExxonMobil must inspect those portions of the right of way by other means, i.e. walking or driving.

4. § 195.404 Maps and records.

(a) Each operator shall maintain current maps and records of its pipeline systems that include at least the following information:

(1) Location and identification of the following pipeline facilities:

(i) Breakout tanks;

(ii) Pump stations;

(iii) Scraper and sphere facilities;

(iv) Pipeline valves;

(v) Facilities to which §195.402(c)(9) applies;

(vi) Rights-of-way; and

(vii) Safety devices to which §195.428 applies.

(2) All crossings of public roads, railroads, rivers, buried utilities, and foreign pipelines.

- (3) The maximum operating pressure of each pipeline.**
- (4) The diameter, grade, type, and nominal wall thickness of all pipe.**

During the review of the maps and drawings of the Silvertip Pipeline, it was noted that the pipeline alignment drawings did not include information regarding the pipeline reconditioning project that was conducted near Rock Creek from 1999 to 2001, and the pipeline relocation that was performed along Interstate 90 near the Conoco Refinery in Billings several years ago. In addition, a mainline valve shown on the map near the town of Bridger appears to no longer exist. ExxonMobil must update the alignment drawings of the Silvertip Pipeline to ensure that the drawings accurately reflect the pipeline location and facilities installed as prescribed in section 195.404.

5. § 195.403 Emergency response training.

- (c) Each operator shall require and verify that its supervisors maintain a thorough knowledge of that portion of the emergency response procedures established under 195.402 for which they are responsible to ensure compliance.**

During the records review of the Silvertip Pipeline, it was noted that ExxonMobil relies solely on a self certification process to verify supervisor knowledge of emergency response procedures. ExxonMobil must develop a process that does not rely on self certification to ensure that its supervisors maintain a thorough knowledge of that portion of the emergency response procedures established under 195.402 for which they are responsible.

6. § 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.**

During the records review of the Silvertip Pipeline, it was noted that ExxonMobil relies solely on a self certification process to verify supervisor knowledge of corrosion control procedures. ExxonMobil must develop a process that does not rely on self certification to ensure that its supervisors maintain a thorough knowledge of that portion of the corrosion control procedures established under §195.402(c)(3) for which they are responsible.

7. § 195.583 What must I do to monitor atmospheric corrosion control?

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

During the records review of the Silvertip Pipeline, it was noted that ExxonMobil did not follow up on atmospheric corrosion issues that were identified during their three (3) year atmospheric corrosion surveys in a timely manner. ExxonMobil must provide protection against atmospheric corrosion identified on the Silvertip Pipeline in a timely manner.

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 violation. 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 identified in this letter. Failure to do so will result in ExxonMobil 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 5-2010-5022W**. 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 M. Petronis (#123899)