

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 24, 2017

Mr. Thomas R. Walters
President
ExxonMobil Production Company
A Division of ExxonMobil Corporation
P.O Box 4358
Houston, Texas 77210

CPF 5-2017-6017

Dear Mr. Walters:

On May 16 through 19, 2016, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety, pursuant to Chapter 601 of 49 United States Code, inspected ExxonMobil Production Company's (ExxonMobil) CO2 pipeline facility in the vicinity of La Barge, Wyoming.

As a result of the inspection, it is alleged that ExxonMobil has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations, Part 195. The items inspected and the probable violations are:

1. **§195.588 What standards apply to direct assessment?**
 - (b) **The requirements for performing external corrosion direct assessment are as follows:**
 - (1) **General. You must follow the requirements of NACE SP0502 (incorporated by reference, see § 195.3). Also, you must develop and implement an - External**

Corrosion Direct Assessment (ECDA) plan that includes procedures addressing pre-assessment, indirect examination, direct examination, and post-assessment.

NACE SP0502

5.1.3 A minimum of one dig is required regardless of the results of the indirect inspection and preassessment steps. Guidelines for determining location and minimum of excavations and direct examinations are given in Paragraph 5.3.

6.7 Assessment of ECDA Effectiveness

6.7.2 At least one additional direct examination at a randomly selected location shall be performed to provide additional confirmation that the ECDA process has been successful.

6.7.2.1 For initial ECDA applications, at least two additional direct examinations are required for process validation. The direct examinations shall be performed at randomly selected locations, one of which contains scheduled indication (or monitored indication if no scheduled indications exist) and one in an area where no indication was detected.

ExxonMobil failed to follow the requirements for performing External Corrosion Direct Assessment (ECDA). Specifically, ExxonMobil failed to follow the requirements of NACE Standard SP-0502-2010 (NACE Standard), which is incorporated by reference in 49 CFR 195.3(f)(2). NACE Standard Section 6.7.2.1 provides that for initial ECDA application, at least two additional direct examinations are required for process validation. During the inspection, ExxonMobil presented only two direct examination locations for its initial assessment. ExxonMobil is required to perform at least four direct examinations for its initial assessment. Accordingly, ExxonMobil violated §195.588(b)(1) by failing to follow the requirements of NACE SP0502 when performing ECDA.

2. § 195.446 Control room management.

(a) General. This section applies to each operator of a pipeline facility with a controller working in a control room who monitors and controls all or part of a pipeline facility through a SCADA system. Each operator must have and follow written control room management procedures that implement the requirements of this section. The procedures required by this section must be integrated, as appropriate, with the operator's written procedures required by §195.402. An operator must develop the procedures no later than August 1, 2011, and must implement the procedures according to the following schedule. The procedures required by paragraphs (b), (c)(5), (d)(2) and (d)(3), (f) and (g) of this section must be implemented no later than October 1, 2011. The procedures required by paragraphs (c)(1) through (4), (d)(1), (d)(4), and (e) must be implemented no

later than August 1, 2012. The training procedures required by paragraph (h) must be implemented no later than August 1, 2012, except that any training required by another paragraph of this section must be implemented no later than the deadline for that paragraph.

ExxonMobil failed to comply with §195.466(a) by not having and following written control room management procedures that implement the requirements of §195.446. ExxonMobil has an active control room at the Shute Creek gas plant that controls and monitors its 160 miles CO2 pipeline, which starts at the Shute Creek compressor station about 2 miles east of the Shute Creek gas plant. As such, ExxonMobil is required to have control room management procedures pursuant to §195.446(a) in place for its Shute Creek gas plant.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$205,638 per violation per day the violation persists up to a maximum of \$2,056,380 for a related series of violations. For violations occurring between January 4, 2012 to August 1, 2016, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for related series of violations.

<u>Item number</u>	<u>PENALTY</u>
Item 2	\$43,200

Warning Items

With respect to Item 1, 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.

Proposed Compliance Order

With respect to Item 2, pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to ExxonMobil. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

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 you 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 5-2017-6017** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

cc: PHP-60 Compliance Registry
PHP-500 G. Ogirima (#153157)

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Exxon Mobil a Compliance Order incorporating the following remedial requirements to ensure the compliance of ExxonMobil with the pipeline safety regulations:

1. In regard to Item 2 of the Notice, Exxon Mobil must comply with 49 C.F.R. §195.446(a)(1) by having and following written control room management procedures that implement the requirement of 195.446.
2. ExxonMobil must respond within 30-days of receipt of this Notice
3. It is requested (not mandated) that ExxonMobil maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Chris Hoidal, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.