

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 17, 2017

Mr. John S. Watson
Chairman and Chief Executive Officer
Chevron Products Company
6001 Bollinger Canyon Road
San Ramon, CA 94583

CPF 5-2017-6031M

Dear Mr. Watson:

On July 25 through 29, 2016, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Chevron Products Company's procedures for the Willbridge Facilities in Portland, Oregon.

On the basis of the inspection, PHMSA has identified the apparent inadequacy found within Chevron Products Company's Willbridge Facilities plans or procedures, as described below:

1. **§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: If the pipeline is located Onshore then the frequency of inspection is: At least once every 3 calendar years, but with intervals not exceeding 39 months...**
 - (b) **During inspections you must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water...**

The operator produced procedures (Chevron Distribution Terminals O&M Manual, Procedure (604.1 Exposed Pipe Coatings) that require atmospheric corrosion inspections “not to exceed 39 months.” Atmospheric corrosion regulation §195.583(a) requires inspections “[a]t least once every 3 calendar years, but with intervals not exceeding 39 months.” The requirement that atmospheric inspections be at least once every 3 calendar months is missing from the operator’s procedure. Additionally, no language in the provided procedure addressed the facility areas slated for particular attention during the inspection as required by §195.583(b). Mr. Jerry Henderson stated that there are weekly, monthly, and 5-year (API) inspections that satisfy regulations requiring atmospheric corrosion inspection every 3 calendar years within 39 months. However, nothing in the produced procedures ties the weekly, monthly, and 5-year checks to the satisfaction of the atmospheric corrosion inspection procedures regulations.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. 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. 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).

Following the receipt of this Notice, you have 30 days to submit written comments, revised procedures, or a request for a hearing under §190.211. 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 an Order Directing Amendment. If your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Chevron Products Company maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Kim West, Acting Director, Western Region, Pipeline and Hazardous Materials Safety Administration. In correspondence

concerning this matter, please refer to **CPF 5-2017-6031M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Kim West
Acting Director, Western Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*

cc: PHP-60 Compliance Registry
PHP-500 J. Owens (#152513 & #152514)