U.S. Department
of Transportation

**Pipeline and Hazardous Materials
Safety Administration**

901 Locust Street, Suite 462
Kansas City, Missouri 64106-2641

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 15, 2019

Mr. Gerald S. Frey
President
ExxonMobil Pipeline Company
P.O. Box 2220
Houston, Texas 77252-2220

3-2019-5014W

Dear Mr. Frey:

On July 31st through August 4th and November 27th through December 1st 2017, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected your Lockport Products Terminal, Mokena-Joliet Refinery 30"(MOJO) pipeline and Mustang pipeline in central Illinois.

As a result of the inspection, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violation(s) are:

1. **195.452 Pipeline integrity management in high consequence areas.**
(a) ....
(f) What are the elements of an integrity management program?
An integrity management program begins with the initial framework. An operator must continually change the program to reflect operating experience, conclusions drawn from results of the integrity assessments, and other maintenance and surveillance data, and evaluation of consequences of a failure on the high consequence area. An operator must include, at minimum, each of the following elements in its written integrity management program:
(1) ....
(3) An analysis that integrates all available information about the integrity of the entire pipeline and the consequences of a failure (see paragraph (g) of this section);
§195.452(g) What is an information analysis? In periodically evaluating the integrity of each pipeline segment (paragraph (j) of this section), an operator must analyze all available information about the integrity of the entire pipeline and the consequences of a failure. This information includes:
(1) Information critical to determining the potential for, and preventing, damage due to excavation, including current and planned damage prevention activities, and development or planned development along the pipeline segment;
(2) Data gathered through the integrity assessment required under this section;
(3) Data gathered in conjunction with other inspections, tests, surveillance and patrols required by this Part, including, corrosion control monitoring and cathodic protection surveys; and
(4) Information about how a failure would affect the *high consequence area*, such as location of the water intake.

Units 43163 and 64233:
ExxonMobil's integrity management program (IMP) does not include an analysis that integrates all available information about the integrity of pipeline facilities and the consequences of a failure. ExxonMobil performed several facility integrity management activities such as: Facility Risk Assessment (FRA) for critical control devices, a review of overfill protection systems, and API 570 inspections of select pipeline and storage facilities. However, ExxonMobil has not developed an information analysis for each facility or a comprehensive facility integrity risk analysis to consistently identify and evaluate risks in accordance with 195.452(g).

2. **§195.571 What criteria must I use to determine the adequacy of cathodic protection? Cathodic protection required by this Subpart must comply with one or more of the applicable criteria and other considerations for cathodic protection contained in paragraphs 6.2 and 6.3 of NACE SP 0169 (incorporated by reference, see § 195.3).**

Unit 87704:
ExxonMobil failed to comply with one or more of the applicable criteria and other considerations for cathodic protection contained in paragraphs 6.2 and 6.3 of NACE SP 0169. Permanent reference electrodes (both zinc & copper copper-sulfate types) have been installed between the double tank bottoms on breakout tanks 902, 904, 905, 907, 909 at Lockport terminal. Based on the cathodic protection survey data, the tank-to-soil potential readings taken using the permanent reference electrodes installed between the tank bottoms is suspect. There is no other method in place for testing the cathodic protection (CP) effectiveness on the primary containment tank bottom.

3. **§195.571 What criteria must I use to determine the adequacy of cathodic protection? Cathodic protection required by this Subpart must comply with one or more of the applicable criteria and other considerations for cathodic protection contained in paragraphs 6.2 and 6.3 of NACE SP 0169 (incorporated by reference, see § 195.3).**

Units 43163 and 64233:
ExxonMobil has not adequately considered IR drop in the determination of adequate cathodic protection in accordance with NACE criteria. ExxonMobil uses "ON" pipe-to-soil-potential measurements to determine adequacy of cathodic protection which does not consider IR drop.

4. **§195.452 Pipeline integrity management in high consequence areas.**
(a) ....
(i) What preventive and mitigative measures must an operator take to protect the high consequence area ?
(1) ....
(4) Emergency Flow Restricting Devices (EFRD). If an operator determines that an EFRD is needed on a pipeline segment to protect a high consequence area in the event of a hazardous liquid pipeline release, an operator must install the EFRD. In making this determination, an operator must, at least, consider the following factors - the swiftness of leak detection and pipeline shutdown capabilities, the type of commodity carried, the rate of potential leakage, the volume that can be released, topography or pipeline profile, the potential for ignition, proximity to power sources, location of nearest response personnel, specific terrain between the pipeline segment and the high consequence area, and benefits expected by reducing the spill size.

Units 64233:
ExxonMobil performed a study of its 18" Mustang pipeline in 2014 that identified a potential EFRD location at MP 24.22. The type of EFRD considered was a remotely operated valve (ROV). Per ExxonMobil's IM process, the potential EFRD candidate was submitted to their LRMT (Local Risk Management Team) for consideration. ExxonMobil used Form 6.2 (Ver.2013) to document the data reviewed and the results of their EFRD evaluation for this site (*EMPCo 2017 CRA EFRD Lockport to Patoka 001*). The LMRT review determined that the installation of a ROV would not provide significant risk reduction and the descision was made not to install the ROV. However, section 7 of form 6.2 for this site had several variables listed as N/A including Risk Reduction Score, Segment Risk Matrix, Threat Classification and Consequence. The *Significant Change* box was also left unchecked which indicates whether the EFRD should be considered as a possible risk reduction strategy. In addition, comments within the form did not adequately document or describe the decision why not to install an EFRD device at MP 24.22.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed $213,268 per violation per day the violation persists, up to a maximum of $2,132,679 for a related series of violations. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed $209,002 per violation per day, with a maximum penalty not to exceed $2,090,022. For violations occurring prior to November 2, 2015, 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. 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 ExxonMobil Pipeline 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 **3-2019-5014W.** 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,

Allan C. Beshore, P.E.
Director, Central Region
Pipeline and Hazardous Materials Safety Administration