NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY

VIA ELECTRONIC MAIL TO: steven.a.yatauro@exxonmobil.com & Christina.s.philbrook@exxonmobil.com

May 18, 2021

Steven Yatauro
President
ExxonMobil Pipeline Company
22777 Springwoods Village PKWY
Spring, TX 77389

CPF 3-2021-022-NOPV

Dear Mr. Yatauro:

From July 27 through August 24, 2020, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected ExxonMobil's (Exxon) Control Room Management plan and procedures and records in Spring, Texas.

This Notice is in response to PHMSA's Control Room Management (CRM) Initiative, which is a national level program that includes inspectors from every region. As a result, you may have received this Notice from a different Regional Director than typical because the CRM Initiative inspections are currently separate from the standard inspection program. Notices and correspondence from other types of inspections will remain unchanged.

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 violations are:

1. **§ 195.446 Control room management.**

   (a) . . . .

   (e) *Alarm management.* Each operator using a SCADA system must have a written alarm management plan to provide for effective controller response to alarms. An operator's plan must include provisions to:

   (1) . . . .

   (2) Identify at least once each calendar month points affecting safety that have been taken off scan in the SCADA host, have had alarms inhibited, generated false alarms, or that have had forced or manual values for periods of time exceeding that required for associated maintenance or operating activities;

   Exxon's records for monthly review of points having been taken off scan, have had alarms inhibited, generated false alarms, or that have had forced or manual values fail to comply with the regulation. While Exxon's control room staff performs daily reviews of alarms, the monthly alarm reporting does not reflect the review of false alarms or forced or manual values for the years 2017 - 2019.

   Exxon did not provide a summary of false alarms even though such information is available through a "Trouble Log". A review of the June 2018 Trouble Log identified four false alarms, two of which were for the same facility. The March 2019 Trouble Log identified one indication of a false alarm on March 9, 2020. None of these false alarms were included in the monthly alarm review records provided by Exxon. During the inspection, Exxon personnel stated that false alarms are considered nuisance alarms as are parts of alarm floods. However, this statement is in conflict with Exxon's own procedure. Exxon defines false alarms in section 4.3 of its CRM plan separately and distinctly different than how it defines nuisance alarms. Alarm floods are not defined at all in the CRM plan. Further, section 4.9 of the CRM plan governs how Exxon is to review alarms on a monthly basis, and false alarms are not referenced in that section. As such, false alarms are not included in the monthly review under Exxon's CRM plan, as required by the regulation.

   In addition, manual or forced values were not reviewed or evaluated each month for the years 2017 - 2019. Exxon does not define forced or manual points in Section 4.3 definitions and excludes them from the procedure 4.9.1 Table 4 for periodic review. Exxon personnel stated, during the inspection that if a controller enters a forced or manual value it is overwritten at the end of the shift. This practice, of not collecting these events, results in Exxon not capturing, if and when, points affecting safety were put in forced, manual or local control.

2. **§ 195.446 Control room management.**

   (a) . . . .

   (j) *Compliance and Deviation.* An operator must maintain for review during inspection:

   (1) Records that demonstrate compliance with the requirements of this section;

   Exxon's records that purport to demonstrate compliance with its review of the Alarm Management Plan to determine its effectiveness, as required by § 195.446(e)(4), are insufficient, for the years 2018 and 2019, to comply with the regulation. Exxon's Alarm Management Plan is represented in Section 4 of its CRM Plan. Section 4.12 Alarm management review states, "Action plans will include timelines and accountability for corrective action identified during the review process. A review of the results of the corrective actions should be documented for each item." Exxon produced a document to PHMSA that indicates that the Alarm Committee completed an annual review of the alarms, but Exxon failed to produce any documentation that includes the specifics of what was discussed during Alarm Committee meeting(s) as it relates to the effectiveness review, or that details what was reviewed, what the findings were to determine effectiveness of the plan, or what modifications were made based on findings from the 2018 and 2019 annual reviews.

3. § 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, 20212, except that any training required by another paragraph of this section must be implemented no later than the deadline for that paragraph.

Exxon failed to follow its Control Room Management Plan (CRM) to satisfy the requirements of Section §195.446(h). Specifically, section 7.9 of the CRM, Annual Review of the EMPCo Control Room Training Program, requires that Exxon retain a "summary and other documents related to this [training and effectiveness] review will be kept for a period of three years." During the inspection, Exxon provided a supervisor meeting agenda for 2017 where controller training was discussed and action items were generated from the meeting as evidence of compliance with this section. Exxon also produced a Controls Catalogue spreadsheet, which documented the dates of these meetings. However, for the years 2017 – 2019, Exxon was not able to provide summaries or other documents related to the review of its control room training program, as required by its own procedure. ExxonMobil has a robust training program and they have continued to improve the program, but they have not demonstrated they met the review requirements of the procedure.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed $222,504 per violation per day the violation persists, up to a maximum of $2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019 and before January 11, 2021, the maximum penalty may not exceed $218,647 per violation per day the violation persists, up to a maximum of $2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed $213,268 per violation per day, with a maximum penalty not to exceed $2,132,679.

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. We have reviewed the circumstances and supporting documentation involved for the above probable violations and recommend that you be preliminarily assessed a civil penalty of $58,200 as follows:

Item number	PENALTY
1	$19,300
2	$19,300
3	$19,600

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement 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).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 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 a Final Order. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from the receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 3-2021-022-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Gregory A. Ochs
Director, Central, OPS
Pipeline and Hazardous Materials Safety Administration

cc: Christina Philbrook, Regulator Compliance Supervisor Christina.s.philbrook@exxonmobil.com

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