U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

1200 New Jersey Ave., SE
Washington, DC 20590

JUN 0 8 2009

Ms. Rebecca Roberts
President
Chevron Pipe Line Company
Unocal Pipeline Company – Eastern Region
4800 Fournace Place
Bellaire, TX 77401-2324

Re: CPF No. 4-2007-5018

Dear Ms. Roberts:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It makes findings of violation and assesses a civil penalty. I acknowledge receipt of and accept your wire transfer for $48,000 as payment in full of the civil penalty assessed in the Final Order. The Order also acknowledges your completion of the proposed compliance order terms to comply with the pipeline safety regulations. This case is now closed. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590

In the Matter of	
Chevron Pipe Line Company,	
and	**CPF No. 4-2007-5018**
Unocal Pipeline Company – Eastern Region,	
Respondent.	

FINAL ORDER

On June 13 – 17, 2005, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration, Office of Pipeline Safety (OPS) conducted an on-site pipeline safety inspection of the facility and records associated with the Unocal Beaumont Breakout Tank Farm in Nederland, Texas, then owned by Unocal Pipeline Company – Eastern Region (Unocal or Respondent). As a result of the inspection, by letter dated May 21, 2007, the Director, Southwest Region, OPS (Director), issued to Unocal and the current owner of the facility, Chevron Pipeline Company (Chevron or Respondent), a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Unocal had committed certain violations of 49 C.F.R. Part 195 and proposed assessing a civil penalty of $48,000 for the alleged violations. The Notice also proposed ordering Chevron to take certain measures to correct the alleged violations.

After requesting an extension of time to respond, Chevron responded by letter dated August 2, 2007 (Response), explaining that Chevron had merged with Unocal, and that certain corrective actions were being taken to address the issues raised in the Notice. Chevron also responded by submitting a wire transfer the same date, in the amount of the proposed civil penalty ($48,000), waiving further right to respond and authorizing the entry of this Final Order.

FINDINGS OF VIOLATION

Pursuant to 49 U.S.C. § 60122 and 49 C.F.R. §§ 190.209(a)(1) and 190.213, I find that Respondent violated 49 C.F.R. Part 195, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.432(b) and (d), which states:

§ 195.432 Inspection of in-service breakout tanks.

(a) . . . .

(b) Each operator shall inspect the physical integrity of in-service atmospheric and low-pressure steel aboveground breakout tanks according to section 4 of API Standard 653. However, if structural conditions prevent access to the tank bottom, the bottom integrity may be assessed according to a plan included in the operations and maintenance manual under §195.402(c)(3) . . . .

(d) The intervals of inspection specified by documents referenced in paragraphs (b) and (c) of this section begin on May 3, 1999, or on the operator's last recorded date of the inspection, whichever is earlier.

The Notice alleged that Unocal failed to properly inspect the physical integrity of its breakout tanks in accordance with section 4 of API Standard 653. Although the company's records indicated that inspections had been conducted, the actual conditions of the tanks as observed by the PHMSA representative showed that necessary maintenance and repairs had not been properly identified and performed to comply with section 4 of API Standard 653. In its Response, Chevron explained that the tanks at issue and all former Unocal facilities are now being inspected and repaired under Chevron's maintenance and inspection procedures to ensure compliance with API 653 requirements. Accordingly, I find that Respondent violated 49 C.F.R. § 195.432(b) and (d) as alleged in the Notice.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 195.573(c), which states:

§ 195.573 What must I do to monitor external corrosion control?

(a) . . . .

(c) *Rectifiers and other devices.* You must electrically check for proper performance each device in the first column at the frequency stated in the second column.

Device	**Check frequency**
Rectifier	At least six times each calendar year, but with intervals not exceeding 2 1/2 months . . . .

The Notice alleged Unocal failed to electrically check for proper performance each rectifier at least six times each calendar year, with intervals not exceeding 2 1/2 months. Specially, one rectifier was allowed to fail (or taken off line) and not repaired or replaced for almost 2 years. All rectifier readings were late or missed for several required intervals during 2003 and 2004. In addition, the operator's records were incomplete and did not explain the addition of a new rectifier. In its Response, Chevron explained that Unocal technicians have been trained to use Chevron's software for record keeping and maintenance management. Accordingly, I find that Respondent violated 49 C.F.R. § 195.573(c) as alleged in the Notice.

Item 3: The Notice alleged that Respondent violated 49 C.F.R. § 195.573(d), which states:

§ 195.573 What must I do to monitor external corrosion control?

(a) . . . .

(d) *Breakout tanks.* You must inspect each cathodic protection system used to control corrosion on the bottom of an aboveground breakout tank to ensure that operation and maintenance of the system are in accordance with API Recommended Practice 651. However, this inspection is not required if you note in the corrosion control procedures established under §195.402(c)(3) why compliance with all or certain operation and maintenance provisions of API Recommended Practice 651 is not necessary for the safety of the tank.

The Notice alleged that Unocal failed to ensure that operation and maintenance of the cathodic protection system used to control corrosion on the bottom of breakout tanks was in accordance with API Recommended Practice 651. Cathodic protection on some tank bottoms and piping did not meet the applicable -850 mV "on" potential criterion. Unocal also did not perform testing to determine and account for voltage (IR) drop. In its Response, Chevron explained that it will review and revise the design of the cathodic protection systems to bring cathodic protection up to adequate levels. Accordingly, I find that Respondent violated 49 C.F.R. § 195.573(d) as alleged in the Notice.

Item 4: The Notice alleged that Respondent violated 49 C.F.R. § 195.589, which states:

§ 195.589 What corrosion control information do I have to maintain?

(a) You must maintain current records or maps to show the location of—

(1) Cathodically protected pipelines;

(2) Cathodic protection facilities, including galvanic anodes, installed after January 28, 2002; and

(3) Neighboring structures bonded to cathodic protection systems.

(b) Records or maps showing a stated number of anodes, installed in a stated manner or spacing, need not show specific distances to each buried anode.

(c) You must maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist. You must retain these records for at least 5 years, except that records related to §§195.569, 195.573(a) and (b), and 195.579(b)(3) and (c) must be retained for as long as the pipeline remains in service.

The Notice alleged that Unocal failed to maintain current records or maps showing the type of cathodic protection being used on each tank. The Notice further alleged that the operator failed to maintain current records documenting and explaining the details of a new rectifier added to the system. In its Response, Chevron explained that it has prepared hard copies and electronic drawings of the terminal showing the location and details of cathodic protection devices, bonds, and test stations. Accordingly, I find that Respondent violated 49 C.F.R. § 195.589 as alleged in the Notice.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to a civil penalty not to exceed $100,000 per violation for each day of the violation up to a maximum of $1,000,000 for any related series of violations. The Notice proposed a total civil penalty of $48,000 for the violation of § 195.573(c) in Item 2.

49 U.S.C. § 60122 and 49 C.F.R. § 190.225 require that, in determining the amount of the civil penalty, I consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; the Respondent's ability to pay the penalty and any effect that the penalty may have on its ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require.

Having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of $48,000 for the violation of § 195.573(c), which has already been paid by Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 1, 2, 3, and 4 in the Notice for violations of §§ 195.432(b) and (d), 195.573(c), 195.573(d), and 195.589, respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids by pipeline or who owns or operates a hazardous liquid pipeline facility is required to comply with the applicable safety standards established under chapter 601. The Director has indicated that Respondent has taken the following actions to comply with the terms of the proposed compliance order:

- Chevron has initiated an inspection and repair program for breakout tanks to ensure compliance with § 195.432(b) and (d) (Item 1). On June 19, 2008, a representative from the Southwest Region, OPS, performed a specialized inspection of Chevron's procedures and records, and verified field conditions at the breakout tank facility in Nederland, Texas.

- Chevron will use computerized record keeping software to track maintenance and recurring inspections to ensure compliance with § 195.573(c) (Item 2).

- Chevron has developed and implemented a plan to revise the design of the cathodic protection system at the breakout tank facility in accordance with § 195.573(d) (Item 3).

- Chevron has developed and implemented a plan to show the source of cathodic protection currents to breakout tanks on a spreadsheet in accordance with § 195.589 (Item 4). Chevron also completed terminal drawings showing the locations of all cathodic protection devices, bonds, and test stations. In addition, the company will use computer software programs for standardized record keeping.

Accordingly, since compliance has been achieved with respect to these violations, the compliance terms are not included in this Order.

The terms and conditions of this Final Order shall be effective upon receipt.

By Direction

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

06-06-2009
Date Issued