MAY 8 2012

VIA CERTIFIED MAIL [Mr. Gary W. Pruessing] AND FAX TO: (713)-656-2170

Mr. Gary W. Pruessing
President
ExxonMobil Pipeline Company, LP
800 Bell Street
Room 3180H
Houston, TX 77002

Re: CPF No. 4-2012-5019H

Dear Mr. Pruessing:

Enclosed please find the Corrective Action Order issued in the above-referenced case. It finds that operation of the portion of ExxonMobil Pipeline Company's hazardous liquid pipeline running from the Anchorage pump station in West Baton Rouge Parish, Louisiana, to Finney pump station in Caddo Parish, Louisiana, would be hazardous to life, property, or the environment without corrective action. The Corrective Action Order requires you to take immediate action to protect the public, property, and the environment in connection with the failure of the pipeline on or about April 28, 2012, near Torbert, Louisiana.

Service of the Corrective Action Order is being made by certified mail and facsimile. Your receipt of this Corrective Action Order constitutes service of that document under 49 C.F.R. § 190.5. The terms and conditions of the Order are effective upon receipt.

We look forward to a successful resolution of the concerns arising out of this pipeline failure to ensure the safe and environmentally sound operation of the pipeline. Please direct any questions on this matter to Rod Seeley, Director, Southwest Region, OPS, at (713) 272-2852.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosures: Corrective Action Order and Copy of 49 C.F.R. § 190.233

cc: Mr. Alan Mayberry, Deputy Associate Administrator for Field Operations, OPS
Mr. Rod Seeley, Director, Southwest Region, OPS

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

In the Matter of	)	
ExxonMobil Pipeline Company, LP,	)	**CPF No. 4-2012-5019H**
Respondent.	)	

CORRECTIVE ACTION ORDER

Purpose and Background

This Corrective Action Order (Order) is being issued under 49 U.S.C. § 60112 to ExxonMobil Pipeline Company, LP (EMPCO or Respondent), the operator of a hazardous liquid pipeline running from the company's Anchorage pump station in West Baton Rouge Parish, Louisiana, to its Finney pump station in Caddo Parish, Louisiana, known as Segments 3 and 4 of the North System within the Brass Area Unit (Affected Pipeline). This Order finds that operation of the Affected Pipeline without corrective action is or would be hazardous to life, property, or the environment and requires Respondent to take immediate action to ensure the safe and environmentally sound operation of the pipeline.

On or about April 28, 2012, Respondent experienced a failure on the Affected Pipeline requiring shut down and reported a crude oil spill to the National Response Center (NRC) the following day after identifying the failure site near the town of Torbert, Louisiana (Failure). Respondent currently estimates the volume of the oil spill to be approximately 1891 barrels.

Pursuant to 49 U.S.C. § 60117, the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), initiated an investigation of the Failure. OPS determined that the release originated from the Affected Segment, but the cause of the Failure has not yet been determined. The preliminary findings of the investigation are as follows:

Preliminary Findings

- At approximately 10:40 p.m. CST on April 28, 2012, Respondent experienced a sudden pressure drop on the Affected Pipeline requiring shut down of the line. Respondent initiated steps to identify the cause of the Failure.

- At approximately 1:50 p.m. CST on April 29, 2012, Respondent identified the failure site by ground patrol and notified the NRC of a crude oil spill at 3:19 p.m. (NRC Report No. 1010007). The Failure occurred at Station 2717+85 in Pointe Coupee Parrish, Louisiana, near the town of Torbert.

- The volume of the crude oil spill is currently estimated by Respondent to be approximately 1891 barrels. Due to the proximity of the spill area to the Intracoastal Canal, Respondent initiated surface water containment measures, including the deployment of booms.

- Following the Failure, Respondent isolated the failed pipe by closing block valves upstream and downstream of the Failure site. Respondent installed a drain tap at a low point to evacuate the crude oil that remained in the line. The portion of the line running from the Anchorage Pump Station to the Finney Pump Station, designated as Segments 3 and 4, i.e., the Affected Pipeline, remains out of service.

- The maximum operating pressure (MOP) of the Affected Pipeline is 1061 psig, as established by hydrostatic test in 2001. At the time of the Failure, the actual operating pressure of the pipeline was 969 psig.

- The operator determined that a 20% pressure reduction on Segment 1 (from the St. James pump station to the Anchorage pump station), Segment 2 (from the Anchorage pump station to the Krotz Springs pump station), and Segment 5 (from the Finney pump station to the Mid Valley pump station) of the North System was appropriate.

- On May 7, 2012, Respondent excavated the Failure site and removed the section of pipe containing the Failure origin. The preliminary visual inspection by OPS at the scene indicated the presence of a 17-foot-long rupture along the longitudinal seam at the 12 o'clock position. The failed pipe section is being transported to a metallurgist for failure analysis.

- Respondent deployed absorbent padding and vacuum trucks to begin removal of the spilled oil and initiated soil removal and remediation actions.

- The cause of the Failure is unknown and the investigation is ongoing.

- Due to its proximity to public roads and various surface waters, including drainage channels, streams, and the Intracoastal Canal, portions of the Affected Pipeline are in areas that could affect High Consequence Areas (HCA), as defined in 49 C.F.R. § 195.450, and the pipe at the Failure site is subject to the Integrity Management Program requirements of 49 C.F.R. § 195.452.

- The 22-inch diameter portion of the Affected Pipeline was constructed in 1956 of 0.312-inch wall thickness, grade X52 pipe with an electric resistance welded (ERW) seam. It was manufactured by Youngstown Steel and has a coal tar enamel coating and an impressed-current cathodic protection system.

- The Affected Pipeline is part of Respondent's pipeline system known as the North System within the Brass Area Unit. The Affected Pipeline consists of approximately 198.8 miles of pipe transporting crude oil and refined petroleum products across Louisiana and Texas.

- The most recent internal assessment of the Affected Pipeline occurred in 2007. The operator reported that this assessment did not reveal any anomalies requiring corrective action.

- EMPCO is an affiliate of ExxonMobil Pipeline Company, LP, and transports over 2.7 million barrels of crude oil and refined products every day through over 8000 miles of pipelines.[1]

Determination of Necessity for Corrective Action Order and Right to Hearing

Under 49 U.S.C. § 60112 and 49 C.F.R. § 190.233, the Associate Administrator for Pipeline Safety (Associate Administrator) may issue a corrective action order after providing reasonable notice and the opportunity for a hearing if he finds that a particular pipeline facility is or would be hazardous to life, property, or the environment. The terms of such an order may include the suspended or restricted use of a pipeline facility, physical inspection, testing, repair, replacement, or any other action as appropriate. The Associate Administrator may also issue a corrective action order without providing any notice or the opportunity for a hearing if he finds that a failure to do so expeditiously will result in likely serious harm to life, property or the environment. The opportunity for a hearing will be provided as soon as practicable after the issuance of the CAO in such cases.

After evaluating the preliminary findings, I find that the continued operation of the Affected Pipeline without corrective measures would be hazardous to life, property, and the environment. Additionally, having considered the age of the pipe, the manufacture of the pipe, the circumstances surrounding the Failure, the proximity of the pipeline to populated areas, public roadways, HCAs, and the Intracoastal Canal, the hazardous nature of the product being transported, the pressure required for transporting the material, and the ongoing investigation to determine the cause of the Failure, I find that a failure to issue this Order expeditiously to require immediate corrective action would result in likely serious harm to life, property, and the environment. Accordingly, this Corrective Action Order is being issued without prior notice and opportunity for a hearing and the terms and conditions are effective upon receipt.

Within 10 days of receipt of this Order, Respondent may request a hearing, to be held as soon as practicable, by notifying the Associate Administrator for Pipeline Safety in writing, with a copy to the Director, Southwest Region, PHMSA (Director). If a hearing is requested, it will be held telephonically or in-person in Houston, Texas.

After receiving and analyzing additional data in the course of this investigation, PHMSA may identify other corrective measures that need to be taken. Respondent will be notified of any

[1] http://www.exxonmobilpipeline.com/USA-English/EMPCo/ourcompany.aspx (last visited May 6, 2012).

additional measures required and amendment of this Order will be considered. To the extent consistent with safety, EMPCO will receive notice and an opportunity for a hearing prior to the imposition of any additional corrective measures.

Required Corrective Action

Pursuant to 49 U.S.C. § 60112, EMPCO is ordered to immediately take the following corrective actions to ensure the safe operation of the Affected Pipeline:

1. Develop and submit a written re-start plan for prior approval of the Director. Obtain written approval from the Director prior to resuming operation of the Affected Pipeline. The restart plan must provide for adequate patrolling of the Affected Pipeline during the restart process and must include an incremental start-up, with each increment to be held for at least two hours. Include sufficient surveillance of each increment to ensure that no leaks are present when operation of the line is resumed. The restart plan must specify a daylight restart and specify advance communications with local emergency response officials.

2. After receiving approval from the Director to restart the Affected Pipeline, maintain a twenty percent (20%) pressure reduction in the operating pressure of the Affected Pipeline. The operating pressure is not to exceed eighty percent (80%) of the actual operating pressure in effect immediately prior to the Failure. Submit the operating pressures for each pump station on the Affected Pipeline at the time of failure and reduced discharge pressure limits for approval by the Director in the restart plan referenced in Item 1. This pressure restriction will remain in effect until written approval to increase the pressure or return the pipeline to its pre-failure operating pressure is obtained from the Director pursuant to Item 10.

3. As recommended in PHMSA Advisory Bulletin 2012–06, verify the records for the Affected Pipeline relating to operating specifications for maximum operating pressure (MOP). Within 45 days of receipt of this Order, submit a report on this record verification and copies of these records to the Director.

4. Within 45 days of receipt of this Order, complete mechanical and metallurgical testing and failure analysis of the failed pipe, including analysis of soil samples and any foreign materials. Complete the testing and analysis as follows:

   A. Document the chain-of-custody when handling and transporting the failed pipe section and other evidence from the Failure site;

   B. Use the testing protocol provided by PHMSA and submit the selection of the testing laboratory to the Director for prior approval;

   C. Prior to commencing the mechanical and metallurgical testing, provide the Director with the scheduled date, time, and location of the testing to allow a PHMSA representative to witness the testing; and

D. Ensure that the testing laboratory distributes all resulting reports in their entirety (including all media), whether draft or final, to the Director at the same time as they are made available to Respondent.

5. Within 60 days following receipt of this Order, complete a failure analysis. Elements of the failure analysis must include but not be limited to: a scoping document of the analysis; procedures associated with failure analysis; and multiple methods used for the analysis and updates on each method as it progresses. Provide the Director with the scheduled date, time, and location of personnel interviews and document reviews to allow a PHMSA representative to attend either in person or via teleconference. The analysis must document all contributory factors and the decision-making process. Submit a final report of the failure analysis results to the Director, including any lessons learned and whether the findings are applicable to other locations beyond the Affected Pipeline but within Respondent's Brass Area Unit pipeline system.

6. Within 90 days following receipt of this order, submit an integrity verification and remedial work plan to the Director for approval. The plan must provide for the verification of the integrity of the Affected Pipeline and must address all factors known or suspected in the Failure. The plan must include:

   A. Integration of the results of the metallurgical analysis performed pursuant to Item 4 above and the failure analysis required by Item 5 above with all relevant pipeline system data, including all historical repair information, construction, operating, maintenance, testing, metallurgical analysis or other third-party consultation information, and assessment data. Data-gathering activities must include a review of the failure history (including both in-service and pressure test failures) of the North System pipelines and development of a written report containing all available information regarding locations, dates, and causes of leaks and failures;

   B. The performance of additional field testing, inspections, and evaluations to determine whether and to what extent the conditions associated with the Failure, or any other integrity-threatening conditions are present elsewhere on the Affected Pipeline. Additional in-line inspections that can reliably detect any defects similar to those that caused or were a contributing factor to the Failure and confirmatory hydrostatic testing must be considered in the plan. Include a detailed description of the criteria to be used for the evaluation and prioritization of any integrity threats and anomalies that are identified;

   C. A detailed description of the inspection and repair criteria to be used in the evaluation and prioritization of identified integrity threats. This is to include a description of how any defects are to be graded and a schedule for repairs or replacement;

   D. Provisions for continuing long-term periodic testing and integrity verification measures, considering the results of the analyses, inspections, and corrective

measures undertaken pursuant to this Order, to ensure the ongoing safe operation of the Affected Pipeline;

E. A proposed schedule for completion of the actions required by paragraphs A-D of this Item.

7. Upon approval by the Director, the integrity verification and remedial work plan becomes incorporated into this Order and shall be revised as necessary to incorporate the results of actions undertaken pursuant to this Order and whenever necessary to incorporate new information obtained during the failure investigation and remedial activities. Submit any such plan revisions to the Director for prior approval. The Director may approve plan elements incrementally.

8. Implement the work plan as approved by the Director, including any revisions to the plan.

9. Submit quarterly reports to the Director that: (1) include all available data and results of the testing and evaluations required by this Order; and (2) describe the progress of the repairs or other remedial actions being undertaken. The first quarterly report for the period from April 28, 2012, through June 31, 2012, shall be due by July 31, 2012.

10. The Director may allow the removal or modification of the pressure restriction set forth in Item 2 above upon receipt of a written request from Respondent demonstrating that the hazard has abated and that restoring the Affected Pipeline to its pre-failure operating pressure or established MOP is justified based on a reliable engineering analysis showing that the pressure increase is safe, considering all known defects, anomalies and operating parameters of the pipeline.

The Director may grant an extension of time for compliance with any of the terms of this Order upon a written request timely submitted demonstrating good cause for an extension.

With respect to each submission that under this Order requires the approval of the Director, the Director may: (a) approve, in whole or part, the submission; (b) approve the submission on specified conditions; (c) modify the submission to cure any deficiencies; (d) disapprove, in whole or in part, the submission, directing that Respondent modify the submission; or (e) any combination of the above. In the event of approval, approval upon conditions, or modification by the Director, Respondent shall proceed to take all actions required by the submission as approved or modified by the Director. If the Director disapproves all or any portion of the submission, Respondent shall correct all deficiencies within the time specified by the Director, and resubmit it for approval. If a resubmitted item is disapproved in whole or in part, the Director may again require Respondent to correct the deficiencies in accordance with the foregoing procedure, and the Director may otherwise proceed to enforce the terms of this Order.

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), you must provide, along with the complete original document, a second copy of the document with those portions you believe qualify for

confidential treatment redacted, along with an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

In your correspondence on this matter, please refer to "CPF No. 4-2012-5019H" and for each document you submit, please provide a copy in electronic format whenever possible. The actions required by this Order are in addition to and do not waive any requirements that apply to Respondent's pipeline system under 49 C.F.R. Parts 190 through 199, under any other order issued to EMPCO under authority of 49 U.S.C. Chapter 601, or under any other provision of Federal or State law.

Respondent may appeal any decision of the Director to the Associate Administrator, whose decision will be final.

Failure to comply with this Order may result in the assessment of civil penalties and in referral to the Attorney General for appropriate relief in United States District Court pursuant to 49 U.S.C. § 60120.

The terms and conditions of this Order are effective upon service in accordance with 49 C.F.R. § 190.5.

_____ _____

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued