



U.S. Department of Transportation
**Pipeline and Hazardous Materials
Safety Administration**

8701 S. Gessner, Suite 630
Houston TX 77074

**NOTICE OF PROBABLE VIOLATION,
PROPOSED CIVIL PENALTY,
and
PROPOSED COMPLIANCE ORDER**

ELECTRONIC MAIL - RETURN RECEIPT REQUESTED

April 30, 2021

Steve Yatauro
President
ExxonMobil Pipeline Company
22777 Springwoods Village Parkway
Spring, Texas 77389

CPF 4-2021-018-NOPV

Dear Mr. Yatauro:

From September 14, 2020 through October 30, 2020, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected the records and procedures of the ExxonMobil Pipeline Company (ExxonMobil) for its hazardous liquid pipeline systems located in Texas, Louisiana, and the Gulf of Mexico. The inspection was conducted virtually due to COVID-19 travel restrictions.

Based on the inspection, it is alleged that ExxonMobil has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

1. § 195.59 - Abandonment or deactivation of facilities.

For each abandoned offshore pipeline facility or each abandoned onshore pipeline facility that crosses over, under or through a commercially navigable waterway, the last operator of that facility must file a report upon abandonment of that facility.

(a) The preferred method to submit data on pipeline facilities abandoned after October 10, 2000 is to the National Pipeline Mapping System (NPMS) in accordance with the NPMS Standards for Pipeline and Liquefied Natural Gas Operator Submissions. To obtain a copy of the NPMS Standards, please refer to the NPMS homepage at <http://www.npms.phmsa.dot.gov> or contact the NPMS National Repository at 703-317-3073.

A digital data format is preferred, but hard copy submissions are acceptable if they comply with the NPMS Standards. In addition to the NPMS-required attributes, operators must submit the date of abandonment, diameter, method of abandonment, and certification that, to the best of the operator's knowledge, all of the reasonably available information requested was provided and, to the best of the operator's knowledge, the abandonment was completed in accordance with applicable laws. Refer to the NPMS Standards for details in preparing your data for submission. The NPMS Standards also include details of how to submit data. Alternatively, operators may submit reports by mail, fax or e-mail to the Office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, U.S. Department of Transportation, Information Resources Manager, PHP-10, 1200 New Jersey Avenue, SE., Washington, DC 20590-0001; fax (202) 366-4566; e-mail, *InformationResourcesManager@phmsa.dot.gov*. The information in the report must contain all reasonably available information related to the facility, including information in the possession of a third party. The report must contain the location, size, date, method of abandonment, and a certification that the facility has been abandoned in accordance with all applicable laws.

ExxonMobil failed to file a report upon abandonment for onshore pipeline facilities that cross over, under, or through commercially navigable waterways in accordance with § 195.59(a). Additionally, ExxonMobil's written *DOT Liquids Manual* and the *Facilities Inspection Maintenance Management System Navigable Waterway Crossing Inspection Program* provides procedures for filing the required report with PHMSA.

ExxonMobil abandoned the LA-39 pipeline segment (ID 12640) that crosses Bayou Lafourche during the Bell Rose Cutout project from 2015 to 2017. However, ExxonMobil was unable to provide any records that show it filed the requisite report to the National Pipeline Mapping System in accordance with § 195.59(a) upon abandonment of LA-39.

2. § 195.307 - Pressure testing aboveground breakout tanks.

(a) ...

(c) For aboveground breakout tanks built to API Std 650 (incorporated by reference, *see* § 195.3) and first placed in service after October 2, 2000, testing must be in accordance with sections 7.3.5 and 7.3.6 of API Standard 650 (incorporated by reference, *see* § 195.3).

API Standard 650 Welded Tanks for Oil Storage, 11th Edition, June 2007

7.3.5 Testing of the Shell

After the entire tank and roof structure is completed, the shell (except for the shell of tanks designed in accordance with Appendix F) shall be tested by one of the following methods, as specified on the Data Sheet, Line 14:

1. If water is available for testing the shell, the tank shall be filled with water as follows: (1) to the maximum design liquid level, H; (2) for a tank with a tight roof, to 50 mm (2 in.) above the weld connecting the roof plate or compression bar to the top angle or shell; (3) to a level lower than that specified in Subitem 1 or 2 when restricted by overflows, an internal floating roof, or other freeboard by agreement between the Purchaser and the Manufacturer, or 4) to a level of seawater producing a bottom of shell hoop stress equal to that produced by a full-height fresh water test. The tank shall be inspected frequently during the filling operation, and any welded joints above the test-water level shall be examined in accordance with Item 2 below. This test shall be conducted before permanent external piping is connected to the tank. Attachments to the shell defined in 5.8.1.1, located at least 1 m (3 ft) above the water level, and roof appurtenances may be welded during the filling of the tank. After completion of the hydro-test, only non-structural small attachments may be welded to the tank in accordance with 7.2.1.11.

2. If sufficient water to fill the tank is not available, the tank may be tested by (1) painting all of the joints on the inside with a highly penetrating oil, such as automobile spring oil, and carefully examining the outside of the joints for leakage; (2) applying vacuum to either side of the joints or applying internal air pressure as specified for the roof test in 7.3.7 and carefully examining the joints for leakage; or (3) using any combination of the methods stipulated in 7.3.5, Subitems 1 and 2.

7.3.6 Hydrostatic Testing Requirements

7.3.6.1 This hydrostatic test of the tank shall be conducted before permanent external piping is connected to the tank. Attachments to the shell defined in 5.8.1.1, located at least 1 m (3 ft) above the water level, and roof appurtenances may be welded during the filling of the tank. After completion of the hydro-test, only non-structural small attachments may be welded to the tank in accordance with 7.2.1.11. Any welded joints above the test-water level shall be examined for leakage by one of the following methods:

1. applying a highly penetrating oil on all interior weld joints, e.g., automobile spring oil, and carefully examining the outside of the joints for leakage;
2. applying vacuum to either side of the joints or applying internal air pressure as specified for the roof test in 7.3.7 and carefully examining the joints for leakage; or
3. using any combination of the methods stipulated in Subitems 1 and 2.

ExxonMobil failed to conduct a pressure test for aboveground Breakout Tank 45667 in accordance with § 195.307(c). The tank was constructed to API Standard 650 and placed into service in 2003. At the time of the inspection, ExxonMobil could not present any evidence to indicate that a pressure test was conducted for Breakout Tank 45667, located at St. James, Louisiana terminal.

3. § 195.505 - Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

(a) ...

(b) Ensure through evaluation that individuals performing covered tasks are qualified;

ExxonMobil failed to ensure thorough evaluation that individuals performing covered tasks are qualified in accordance with § 195.505(b). An employee of ExxonMobil performed rectifier inspections for the Brass Raceland's unit, located in Louisiana, from January 1, 2017 through October 13, 2020. PHMSA requested to see the employee's operator qualifications for Covered Task 21, Reading Rectifiers. ExxonMobil could not provide any records to show the employee was qualified to perform the covered task of rectifier readings from January 1, 2017 through October 13, 2020.

4. § 195.505 - Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

(a) ...

(i) After December 16, 2004, notify the Administrator or a state agency participating under 49 U.S.C. Chapter 601 if the operator significantly modifies the program after the administrator or state agency has verified that it complies with this section. Notifications to PHMSA may be submitted by electronic mail to InformationResourcesManager@dot.gov, or by mail to ATTN: Information Resources Manager DOT/PHMSA/OPS, East Building, 2nd Floor, E22-321, New Jersey Avenue SE., Washington, DC 20590.

ExxonMobil failed to notify the PHMSA Administrator of a significant change to its written Operator Qualification Program (OQ) as required by § 195.505(i). In 2018 and 2019, ExxonMobil significantly modified its Operator Qualification Program after the PHMSA Administrator verified that it complied with 49 CFR Subpart G - Qualification of Pipeline Personnel. In January 2018 and January 2019, ExxonMobil submitted its written OQ modifications to the Southwest Region Director; however, there is no evidence that these modifications were submitted to the PHMSA Administrator as required by § 195.505(i). PHMSA reviewed "Section 8: Program Maintenance and Communicating Changes" of ExxonMobil's OQ and found that it does not include adequate guidance on submitting significant OQ program modifications to the PHMSA Administrator. ExxonMobil submitted the OQ program modifications to PHMSA on April 22, 2021.

5. § 195.555 - What are the qualifications for supervisors?

You must require and verify that supervisors maintain a thorough knowledge of that portion of the corrosion control procedures established under § 195.402(c)(3) for which they are responsible for insuring compliance.

ExxonMobil failed to require and verify that its Corrosion Control Supervisors maintain a thorough knowledge of that portion of the corrosion control procedures for which they are responsible for insuring compliance. ExxonMobil's written *DOT Liquids Manual, Section 195.555 What are the Qualifications for Supervisors?*, states that "Supervisors responsible for CP are assigned the Supervisor Awareness Training-Fundamentals of Corrosion computer-based training (CBT) module." During the inspection, PHMSA found that an ExxonMobil employee, who assumed the role of Corrosion Control Supervisor (Integrity First Line Supervisor) on February 1, 2020, did not complete the required training until August 19, 2020, producing a gap in training of 200 days where the supervisor did not maintain a thorough knowledge of ExxonMobil's corrosion control procedures.

6. § 195.583 - What must I do to monitor atmospheric corrosion control?

(a) ...

(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.

ExxonMobil failed to give particular attention to pipe at several pipe supports during the 2018 atmospheric corrosion inspections for the Baytown Crude unit in Texas, the Offshore Hoops unit in the Gulf of Mexico, and the Brass Raceland unit in Louisiana. ExxonMobil's written *Facilities Inspection and Maintenance Management System (FIMMS) Atmospheric Corrosion Inspection Program* identifies "Aboveground Piping Spans," which includes pipe on overhead pipe racks, pipe on pipe supports, spanned canal and ditch crossings, and right-of-way piping which has become exposed due to soil erosion, as types of facilities that must be inspected for atmospheric corrosion. PHMSA inspectors reviewed "Atmospheric Corrosion/Corrosion Under Insulation Inspections" for the above-mentioned units and found that several pipe supports were not inspected for atmospheric corrosion during the most recent 2018 inspection cycle. The *FIMMS Atmospheric Corrosion Inspection Program* procedure does not include adequate guidance on conducting atmospheric corrosion inspections on pipe at pipe supports. The procedure is inadequate because it does not set forth a detailed process for how and when ExxonMobil will conduct atmospheric corrosion inspections on pipe at pipe supports in accordance with § 195.583.

7. § 195.589 - What corrosion control information do I have to maintain?

(a) ...

(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.

ExxonMobil failed to maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by 49 CFR Subpart H - Corrosion Control in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist in accordance with § 195.589(c). PHMSA Inspectors reviewed breakout tank (BOT) cathodic protection annual surveys and found that ExxonMobil did not have records to show that St. James Station BOT 2198 was inspected for adequate cathodic protection in 2018.

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 **\$93,200** as follows:

<u>Item Number</u>	<u>Penalty</u>
2	\$46,600
3	\$46,600

Warning Items

With respect to Items 4, 5 and 7, 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 promptly correct these items. Failure to do so may result in additional enforcement action.

Proposed Compliance Order

With respect to Items 1, 2, and 6, pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to ExxonMobil Pipeline Company. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

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. 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 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 4-2021-018-NOPV**, and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Mary L. McDaniel, P.E.
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration

Enclosures:

Proposed Compliance Order

Response Options for Pipeline Operators in Enforcement Proceedings

cc: Jeb Montgomery, Pipeline Safety Advisor, ExxonMobil Pipeline Company,
Jason.j.montgomery@exxonmobil.com

PROPOSED COMPLIANCE ORDER

Pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue ExxonMobil Pipeline Company (ExxonMobil) a Compliance Order incorporating the following remedial requirements to ensure the compliance of the pipeline safety regulations:

1. In regard to Item 1 of the Notice pertaining to ExxonMobil's failure to file a report of abandonment for onshore pipeline facilities that cross over, under, or through commercially navigable waterways in accordance with § 195.59(a), ExxonMobil must report the abandonment of LA-39 pipeline segment (ID 12640) that crosses Bayou Lafourche to NPMS within 30 days of receipt of the Final Order.
2. In regard to Item 2 of the Notice pertaining to ExxonMobil's failure to conduct a pressure test for Breakout Tank 45667 in accordance with § 195.307(c) and the *DOT Liquids Manual* and the *Hydrostatic Test Manual*, ExxonMobil must conduct a pressure test for aboveground Breakout Tank 45667 in accordance with § 195.307(c) and its procedures within 180 days of receipt of the Final Order.
3. In regard to Item 6 of the Notice pertaining to ExxonMobil's failure to give particular attention to pipe at pipe supports during atmospheric corrosion inspections, ExxonMobil must develop a procedure to conduct atmospheric corrosion inspections for pipe at pipe supports and provide records to show that they followed their updated procedure and conducted the atmospheric corrosion inspections at the pipe and pipe support interface for the three unit locations identified in the Notice within 90 days of receipt of the Final Order.

It is requested (not mandated) that ExxonMobil Pipeline Company maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Mary McDaniel, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.