

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

ELECTRONIC MAIL - RETURN RECEIPT REQUESTED

June 3, 2021

Steve Yatauro
President & Chief Executive Officer
ExxonMobil Pipeline Company
22777 Springwoods Village Parkway
Spring, Texas 77389

CPF 4-2021-029-NOPV

Dear Mr. Yatauro:

From June 15, 2020 through October 30, 2020, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected the operating records for ExxonMobil's Central Pipeline System, operating under Mobil Pipeline Company, ExxonMobil Pipeline Company, and Mustang Pipeline LLC (collectively, ExxonMobil Pipeline) located in and around Lockport and Patoka, Illinois.

Based on the inspection, it is alleged that ExxonMobil Pipeline 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. § 195.412 - Inspection of rights-of-way and crossings under navigable waters.

(a) Each operator shall, at intervals not exceeding 3 weeks, but at least 26 times each calendar year, inspect the surface conditions on or adjacent to each pipeline right-of-way. Methods of inspection include walking, driving, flying or other appropriate means of traversing the right-of-way.

ExxonMobil Pipeline failed to inspect the surface conditions on or adjacent to each pipeline right-of-way (ROW) in accordance with § 195.412(a). PHMSA reviewed EMPCo Overgrowth Reports for calendar years 2018, 2019, and 2020, and found that there were three instances when the aerial patrollers line-of-sight was obscured by a significant structure or perennially green trees. These three instances are North Patoka to Shelbyville

and Shelbyville to Bement both dated March 28, 2018 and Shelbyville to Bement dated June 20, 2018.

ExxonMobil Pipeline's *FIMMS Aerial Patrol Inspection Program* states, "If tree-growth or other visual obstruction overhanging the right-of-way prevents aerial surveillance, ground surveillance must be performed and documented..." ExxonMobil Pipeline, however, could not provide any records of ground patrols that were performed on the two ROWs identified with significant structures, or perennially green trees that had obscured the aerial patrollers line-of-sight during the patrols conducted on March 28, 2018, and June 20, 2018.

2. § 195.420 - Valve maintenance.

(a)...

(b) Each operator shall, at intervals not exceeding 7½ months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

ExxonMobil Pipeline failed to conduct inspections for each mainline valve to determine that it is functioning properly at intervals not exceeding 7½ months but at least twice each calendar year in accordance with § 195.420(b). ExxonMobil Pipeline's written *DOT Liquids Manual "Section 195.420"* requires that partial operation of each mainline valve shall be performed at intervals not exceeding 7½ months but at least twice each calendar year to determine that it is functioning properly.

PHMSA reviewed mainline valve inspections for the ExxonMobil Pipeline's Mustang Pipeline, MOJO Pipeline, and Wolverine/Badger Pipeline for calendar years 2017, 2018, 2019, and 2020 and found 29 inspections that exceeded the 7½ month interval between 2018 and 2019.

3. § 195.432 - Inspection of in-service breakout tanks.

(a)...

(b) Each operator must inspect the physical integrity of in-service atmospheric and low-pressure steel above-ground breakout tanks according to API Std 653 (except section 6.4.3, *Alternative Internal Inspection Interval*) (incorporated by reference, see § 195.3). However, if structural conditions prevent access to the tank bottom, its integrity may be assessed according to a plan included in the operations and maintenance manual under § 195.402(c)(3). The risk-based internal inspection procedures in API Std 653, section 6.4.3 cannot be used to determine the internal inspection interval.

ExxonMobil Pipeline failed to complete its inspection of in-service atmospheric breakout tanks in accordance with API Std 653, and its written operating procedures. ExxonMobil's written procedure *Facilities Inspection and Maintenance Management System (FIMMS) Tank Inspection Program* procedure (Dated 9/12/19) for inspecting the physical integrity of in-service atmospheric breakout tanks according to API Std 653. "Section D. Corrective Action" of the Tank Inspection Program Procedure includes a requirement that "potential deficiencies identified by API Std 653 in-service and out-of-service inspections will be reviewed by the Tank Maintenance Specialist (TMS), Program Steward, and/or Environmental Advisors. Corrective actions that cannot be taken while the tank is in service shall be completed before returning the tank back in to service."

PHMSA reviewed an out-of-service inspection report for its in-service Breakout Tank #901 at Lockport Terminal (Date: 5/17/17). The "Suitability for Service" section includes a statement regarding illegal patches under the shell section that states that these illegal patches must be addressed when the tank bottom is replaced. ExxonMobil Pipeline did not provide any documentation that the illegal patch deficiency was reviewed or addressed by the TMS in accordance with the Tank Inspection Program Procedure. Failure to complete the inspection process to address the identified deficiencies resulted in an incomplete inspection.

4. § 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 Pipeline failed to ensure through evaluation that individuals performing covered tasks were qualified in accordance with § 195.505(b). Specifically, ExxonMobil Pipeline failed to ensure that its inspector performing in-service external tank inspections was qualified for a period of time from calendar years 2017 to 2018.

ExxonMobil Pipeline's *FIMMS Tank Inspection Program, Section IV. "Process and Procedure"* requires that in-service external tank inspections be performed by an operator qualified inspector. During its inspection, PHMSA reviewed monthly in-service external tank inspections for calendar years 2017, 2018, 2019, and 2020. PHMSA also reviewed the operator qualification record from 2005 to 2018 for the inspector performing these inspections. The operator qualification record revealed that the inspector performing these inspections was not qualified to perform the covered task from October 14, 2017 to January 3, 2018 (81 days). Furthermore, the monthly tank inspections records showed that three inspections were conducted by this inspector for Tanks #907, #908, and #909 on November 25, 2017, during the qualification gap.

5. § 195.505 - Qualification program.

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

(a)...

(g) Identify those covered tasks and the intervals at which evaluation of the individual's qualifications is needed;

ExxonMobil Pipeline failed to follow its written Operator Qualification procedures for requalifying its employees for eight applicable covered tasks within the frequencies identified in its *Operator Qualification Program*. ExxonMobil Pipeline's written *Operator Qualification Program* (Dated October 2020), "*Section 4.3 Requalification/Subsequent Qualification*" lists the frequency for requalification for each covered task.

PHMSA reviewed ExxonMobil Pipeline's Covered Task Analysis for employee qualifications and the requalification frequency for the following specific covered tasks:

Task #	Description	Requalification Frequency:
4	Opening, Closing and Monitoring Valves (Field)	1 year
6	Shutting Down, Starting Up, Sequencing Pipeline Systems (OCC)	1 year
11	Launching and Receiving In-line Inspection Tools	3 years
17	Measuring Structure-to-Soil Potential-Frequency	3 years
28	Inspecting and Routing Maintenance of Valves	3 years
30	Inspecting, Replacing Overpressure/Overfill Control Devices (mechanical components)	3 years
31	Routing Monthly Inspection of Breakout Storage Tanks	3 years
35	Inspection of In-service Breakout Storage Tanks	3 years

6. § 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 Pipeline failed to require and verify that supervisors maintain a thorough knowledge of that portion of the corrosion control procedures which they are responsible for insuring compliance in accordance with § 195.555. Pursuant to ExxonMobil Pipeline's

DOT Liquids Manual, “Section 195.555 WHAT ARE THE QUALIFICATIONS FOR SUPERVISORS?” procedure, corrosion control supervisors are assigned the Supervisor Awareness Training - Fundamentals of Corrosion computer-based training module.

During the inspection, PHMSA discovered that ExxonMobil Pipeline had not maintained the qualifications for two corrosion control supervisors. The first supervisor at the Lockport Terminal assumed the supervisor position on November 16, 2016, but did not take the required training until August 31, 2017, a gap of 288 days. There are additional qualification gaps for this same supervisor, including a gap from August 31, 2018 to September 26, 2018 (26 days), and a gap from September 26, 2019 to November 19, 2019 (54 days). The second supervisor at the Lockport Terminal assumed the supervisor position on July 1, 2020, but did not complete the required training until September 21, 2020, a gap of 82 days.

7. § 195.573 - What must I do to monitor external corrosion control?

(a) *Protected pipelines.* You must do the following to determine whether cathodic protection required by this subpart complies with § 195.571:

(1) Conduct tests on the protected pipeline at least once each calendar year, but with intervals not exceeding 15 months. However, if tests at those intervals are impractical for separately protected short sections of bare or ineffectively coated pipelines, testing may be done at least once every 3 calendar years, but with intervals not exceeding 39 months.

ExxonMobil Pipeline failed to conduct tests on protected pipelines at least once each calendar year, but with intervals not exceeding 15 months in accordance with § 195.573(a)(1) for the Mokena/Joliet Pipeline from the years 2018 through 2019. ExxonMobil Pipeline’s *FIMMS Cathodic Protection Program* includes this regulatory requirement under the section “*Structure-to-soil Potentials*”.

PHMSA reviewed the Mokena/Joliet Pipeline annual surveys and found that from the year 2018 through 2019, the inspection interval exceeded the 15-month requirement by at least 30 days for test points reviewed.

8. § 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 ½ months.
Reverse current switch	
Diode	
Interference bond whose failure would jeopardize structural protection	
Other interference bond	At least once each calendar year, but with intervals not exceeding 15 months.

ExxonMobil Pipeline failed to electrically check for proper performance for interference bonds whose failure would jeopardize structural protection at the frequency of at least six times each calendar year, but with intervals not exceeding 2½ months in accordance with § 195.573(c).

PHMSA inspectors reviewed interference bond inspections on ExxonMobil Pipeline's CPDM Survey Report from January 1, 2017 to September 2, 2020, for the Mustang Pipeline and found that there were two inspection intervals on February 7, 2019, and May 8, 2019, that exceeded the 2½ month interval.

9. § 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 RP 651 (incorporated by reference, see § 195.3). However, this inspection is not required if you note in the corrosion control procedures established under § 195.402(c)(3) why complying with all or certain operation and maintenance provisions of API RP 651 is not necessary for the safety of the tank.

ExxonMobil Pipeline failed to inspect each cathodic protection system used to control corrosion on aboveground breakout tanks to ensure operation and maintenance of the system are in accordance with API RP 651. ExxonMobil Pipeline's *IMMS Cathodic Protection Program* procedure includes a requirement to perform structure-to-soil

potential surveys at least once each calendar year, but with intervals not exceeding 15 months.

PHMSA reviewed ExxonMobil Pipeline's 2018 Annual Survey from January 1, 2017 to December 31, 2019, and found that for Breakout Tanks 2886 and 2895 at Mokena Pump Station, the inspection interval exceeded the 15-month requirement by at least one month on September 5, 2019, September 10, 2019, and September 12, 2019.

10. § 195.573 - What must I do to monitor external corrosion control?

(a)...

(e) *Corrective action.* You must correct any identified deficiency in corrosion control as required by § 195.401(b). However, if the deficiency involves a pipeline in an integrity management program under § 195.452, you must correct the deficiency as required by § 195.452(h).

ExxonMobil Pipeline failed to take action to correct any identified deficiencies in corrosion control as required by § 195.401(b) and § 195.573(e). PHMSA reviewed atmospheric corrosion inspection records for the Mustang Pipeline from May to September 2018 and MOJO Pipeline from July 2015 to Aug 2018, rectifier inspections for the two breakout tanks at Mokena Station from January 2017 to August 2020, and the CPDM Survey Report for the Mustang Pipeline from May 2017 to July 2020 that includes corrosion control deficiencies in each inspection.

The atmospheric corrosion inspections included deficiencies such as disbonded paint and coatings, active corrosion, and direct contact between pipe supports and pipe. The annual surveys included deficiencies such as missing or damaged test stations found over consecutive years and inadequate survey readings. ExxonMobil Pipeline could not provide information to demonstrate that corrective measures had been completed at these identified locations.

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. 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 documentation involved for the above probable violations and recommend that you be preliminarily assessed a civil penalty of **\$146,300** as follows:

Item Number	Penalty
2	\$114,600
4	\$ 31,700

Warning Items

With respect to Items 1, 6, 7, 8, and 9 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 3, 5, and 10 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Mobil Pipeline Company, ExxonMobil Pipeline Company, and the Mustang Pipeline LLC. 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 4-2021-029-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

PROPOSED COMPLIANCE ORDER

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

1. In regard to Item 3 of the Notice pertaining to ExxonMobil Pipeline's failure to follow its *Facilities Inspection and Maintenance Management System (FIMMS) Tank Inspection Program* procedure, ExxonMobil Pipeline's Tank Maintenance Specialist, Program Steward, and/or Environmental Advisors must review all potential deficiencies identified by API Std. 653 out-of-service inspections for the Lockport Terminal Tank #901 (Date: 5/17/17), and provide documentation of the review and any remediation records that address the illegal patches mentioned in the inspection report within 60 days of receipt of the Final Order.
2. In regard to Item 5 of the Notice pertaining to ExxonMobil Pipeline's failure to follow the *Operator Qualification Program* (Dated October 2020), "*Section 4.3 Requalification/Subsequent Qualification*" that includes the requirement to identify a requalification interval for each covered task, ExxonMobil Pipeline must amend its Operator Qualification Program to address the grace period allowed by their learning management system, and provide the amended program to PHMSA for review within 30 days of receipt of the Final Order.
3. In regard to Item 10 of the Notice pertaining to ExxonMobil Pipeline's failure to provide records that show actions were taken to correct identified deficiencies in corrosion control as required by § 195.573(e), ExxonMobil Pipeline must conduct refresher training for personnel on the procedures to document and retain records of corrective actions taken for corrosion control deficiencies and provide evidence of conducted training to PHMSA within 30 days of receipt of the Final Order.

It is requested (not mandated) that Mobil Pipeline Company, ExxonMobil Pipeline Company, and the Mustang Pipeline LLC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Mary L. 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.