

**NOTICE OF PROBABLE VIOLATION
AND
PROPOSED COMPLIANCE ORDER**

VIA ELECTRONIC MAIL TO: dan.ammann@exxonmobil.com

May 8, 2025

Dan Ammann
President, ExxonMobil Upstream Company
ExxonMobil Production Company
22777 Springwoods Village Parkway W3.6B.477
Spring, Texas 77389

CPF 4-2025-029-NOPV

Dear Mr. Ammann:

From April 23 to June 14, 2024, of the on-site inspection, a representative 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 Production Company's (ExxonMobil) carbon dioxide (CO₂) transmission pipeline system in Wyoming.

As a result of 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. § 195.583 What must I do to monitor atmospheric corrosion control?
(a) You must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:**

If the pipeline is located:	Then the frequency of inspection is:
Onshore	At least once every 3 calendar years, but with intervals not exceeding 39 months
Offshore	At least once each calendar year, but with intervals not exceeding 15 months

(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 inspect each pipeline or portion of the pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion at least once every 3 calendar years, but with intervals not exceeding 39 months, paying particular attention during inspections to pipe under thermal insulation in accordance with § 195.583(b) and its atmospheric corrosion procedures. Specifically, ExxonMobil failed to inspect pipe under thermal insulation at the Rock Springs metering station since the pipeline came into service.

ExxonMobil's procedure, *Monitoring for Atmospheric Corrosion*, in its Operation, Maintenance, & Emergency Manual for DOT Hazardous Liquid Pipelines (Rev. December 2023; Version 1), Section 38.3 *Process*, step 4, requires giving 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. However, during PHMSA's inspection, ExxonMobil was unable to provide past atmospheric corrosion control records for the pipe under thermal insulation at the Rock Springs Metering Station.

Therefore, ExxonMobil failed to inspect each pipeline or portion of the pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion at least once every 3 calendar years, but with intervals not exceeding 39 months, paying particular attention to pipe under thermal insulation in accordance with § 195.583(b) and its atmospheric corrosion inspection procedures.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$272,926 per violation per day the violation persists, up to a maximum of \$2,729,245 for a related series of violations. For violation occurring on or after December 28, 2023 and before December 30, 2024, the maximum penalty may not exceed \$266,015 per violation per day the violation persists, up to a maximum of \$2,660,135 for a related series of violations. For violation occurring on or after January 6, 2023 and before December 28, 2023, the maximum penalty may not exceed \$257,664 per violation per day the violation persists, up to a maximum of \$2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022 and before January 6, 2023, the maximum penalty may not exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,412 for a related series of violations. For violation occurring on or after May 3, 2021 and before March 21, 2022, the maximum penalty may not exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not 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.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

Proposed Compliance Order

With respect to Item 1, pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to ExxonMobil Production 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 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 your receipt of this Notice, you have 30 days to respond as described in the enclosed *Response Options*. 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. The Region

Director may extend the period for responding upon a written request timely submitted demonstrating good cause for an extension.

In your correspondence on this matter, please refer to **CPF 4-2025-029-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Bryan Lethcoe
Director, Southwest Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

Cc: Kathleen Ash, General Manager, ExxonMobil Production Company,
kathleen.d.ash@exxonmobil.com

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to ExxonMobil Production Company (ExxonMobil) a Compliance Order incorporating the following remedial requirements to ensure the compliance of ExxonMobil with the pipeline safety regulations:

- A. In regard to Item 1 of the Notice pertaining to ExxonMobil's failure to give particular attention to pipe under thermal insulation during inspections, ExxonMobil must identify all jurisdictional pipelines with thermal insulation for its Wyoming CO2 pipeline system. If a pipe segment is identified as having thermal insulation, ExxonMobil must provide the last two cycles of atmospheric corrosion inspections for that pipe segment that details the condition of the pipe underneath the insulation, and pictures showing that the pipeline can be inspected underneath the insulation. If the insulated pipe cannot be inspected in accordance with the requirements of § 195.583(b) and ExxonMobil's atmospheric corrosion inspection procedures, ExxonMobil must modify or remove the insulation. After modification or removal of the insulation, ExxonMobil must conduct atmospheric corrosion inspections of those pipelines.

ExxonMobil must provide records identifying all jurisdictional pipelines, the last two cycles of atmospheric corrosion inspections for the identified pipelines, pictures showing that the pipeline can be inspected underneath the insulation, and atmospheric corrosion inspection records, including records of insulation modifications or removals, of any pipelines determined to have insulation that required modification or removal, to the Director, Southwest Region, PHMSA within **60** days of receipt of the Final Order.

- B. It is requested (not mandated) that ExxonMobil Production Company maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Bryan Lethcoe, 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.