SENT TO COMPLIANCE REGISTRY
Hardcopy__ Electronically ✓
# of Copies 1 / Date 6/11/07

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

12300 W Dakota Ave , Suite 110
Lakewood, CO 80228

NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 11, 2007

Ms. Rebecca B. Roberts
President
Chevron Pipe Line Company
4800 Fournace Place
Bellaire, TX 77401

CPF 5-2007-1007

Dear Ms Roberts:

On September 11-15 and September 25–29, 2006, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Integrity Management Program in Bellaire, Texas.

As a result of the inspection, it appears you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

1. **§192.905 How does an operator identify a high consequence area?**
§192.905 (a) General. To determine which segments of an operator's transmission pipeline system are covered by this subpart, an operator must identify the high consequence areas. An operator must use method (1) or (2) from the definition in § 192.903 to identify a high consequence area. An operator may apply one method to its entire pipeline system, or an operator may apply one method to individual portions of the pipeline system. An operator must describe in its integrity

management program which method it is applying to each portion of the operator's pipeline system. The description must include the potential impact radius when utilized to establish a high consequence area. (See appendix E.I. for guidance on identifying high consequence areas.)

- **Item 1A: §192.905 (a)**

  CPL incorrectly entered/transferred data from source documents into its GIS system which resulted in incorrect stationing/limits of covered segments and HCAs. It appeared to the PHMSA team that the QA/QC process was not adequately applied in the HCA identification program element. CPL needs to verify the consistency of its current HCA stationing with source data to ensure accurate covered segment identification. This resulted in numerous HCAs being identified incorrectly. Furthermore, several HCAs were not identified when using Method 1 as stated in the BAP. [A.01 c]

  Evidence: Cross Valley Pipeline, Cross Valley – Bakersfield 16" (three locations); Bridgeline System, East Baton Rouge, Deltech – Westover Sta 28857 to 31732 (Class 3 but not indicated as HCA) and Sta 35000 to 44071 (Class 3 but not indicted as HCA). HCA boundary table, 12/17/04.

- **Item 1B: §192.905 (a)**

  The PHMSA team identified structures (on aerial photography) which may meet the identified site criteria. CPL was unable to provide documentation that they had evaluated these structures to determine whether the structures met the criteria for identified sites. Additionally, buildings determined by CPL to be identified sites were not evaluated for Class 3 location criteria. CPL needs to re-evaluate its pipeline to identifying Class 3 locations and identified sites within Class 1 and 2 locations to ensure it identifies all covered segments which currently exist. [A.04.c]
  Evidence: Contra Costa, CA, TRPP 12" near Sta. 46000 and Sta 50000; Coalinga – Carneras, near Sta. 122000.

2. **§192.935 What additional preventive and mitigative measures must an operator take?**

   (a) General requirements. An operator must take additional measures beyond those already required by Part 192 to prevent a pipeline failure and to mitigate the consequences of a pipeline failure in a high consequence area. An operator must base the additional measures on the threats the operator has identified to each pipeline segment. (See § 192.917) An operator must conduct, in accordance with one of the risk assessment approaches in ASME/ANSI B31.8S (ibr, see § 192.7), section 5, a risk analysis of its pipeline to identify additional measures to protect the high consequence area and enhance public safety. Such additional measures include, but are not limited to, installing Automatic Shut-off Valves or Remote Control Valves, installing computerized monitoring and leak detection systems, replacing pipe segments with pipe of heavier wall thickness, providing additional

At the time of the inspection, CPL had not completed any preventive and mitigative evaluations per the requirements of 192.935(a). For one completed PTRAP evaluation (Chalmette line), several preventive measures were recommended in the mechanical damage section of the PTRAP evaluation but these items were not entered into CPL's SAP-PM tracking system and CPL was unsure if these items had been [illegible]

Evidence: PTRAP for Chalmette line; PTRAP schedule

3. **§192.911 What are the elements of an integrity management program?**

An operator's initial integrity management program begins with a framework (see § 192.907) and evolves into a more detailed and comprehensive integrity management program, as information is gained and incorporated into the program. An operator must make continual improvements to its program. The initial program framework and subsequent program must, at minimum, contain the following elements. (When indicated, refer to ASME/ANSI B31.8S (ibr, see § 192.7) for more detailed information on the listed element.)

(l) A quality assurance process as outlined in ASME/ANSI B31.8S, section 12.

- **Item 3A: §192.911(l) ASME B31.8S-2001, section 12.2 (b)(7)**

The IM program does not include a process to verify that corrective actions to improve the integrity management program and the quality assurance process have been documented and are monitored for effectiveness, as required by ASME B31.8S, section 12.2(b)(7). As evidence of the need for such a process, the PHMSA team reviewed previously performed third party audits and determined that many of the issues identified in these audits were not corrected [L.01.c]

Evidence: PIM program manual, section 5.2.3; outside audit results.

4. **§192.945 What methods must an operator use to measure program effectiveness?**
(a) General. An operator must include in its integrity management program methods to measure, on a semi-annual basis, whether the program is effective in assessing and evaluating the integrity of each covered pipeline segment and in protecting the high consequence areas. These measures must include the four overall performance measures specified in ASME/ANSI B31.8S (ibr, see §192.7), section 9.4, and the specific measures for each identified threat specified in ASME/ANSI B31.8S, Appendix A. An operator must submit the four overall

performance measures, by electronic or other means, on a semi-annual frequency to OPS in accordance with §192.951. An operator must submit its first report on overall performance measures by August 31, 2004. Thereafter, the performance measures must be complete through June 30 and December 31 of each year and must be submitted within 2 months after those dates.

- **Item 4A: §192.945 (a)**

  At the time of the inspection, CPL had not begun to measure and evaluate IM program performance semi-annually using threat-specific metrics as required by §192.945(a). Additionally, the IM program does not provide specificity regarding how the performance metrics are to be tracked and analyzed. [I.01.b]

  Evidence: PIM program manual, section 4.1; PIM-600, section 5.0.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed $100,000 for each violation for each day the violation persists up to a maximum of $1,000,000 for any related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of $60,000 as follows:

Item number		PENALTY
[1A]		$15,000
[1B]		$15,000
[2A]		$10,000
[3A]		$10,000
[4A]		$10,000
	Total	$60,000

Proposed Compliance Order

With respect to items 1A, 1B, 2A, 3A and 4A pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Chevron Pipe Line 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. 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), 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). 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.

In your correspondence on this matter, please refer to **CPF 5-2007-1007** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

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

cc. PHP-60 Compliance Registry
PHP-500 J. Gilliam (#116459)

PROPOSED COMPLIANCE ORDER

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

1. In regard to Item Number 1A of the Notice pertaining to CPL incorrectly entered/transferred data from source documents into its GIS system which resulted in incorrect stationing/limits of covered segments and HCAs. CPL must conduct a new study of all pipeline segments and determine if an HCA exists or not using As-Built Drawings to indicate correct stationing to locate any HCAs. Furthermore, CPL must utilize their QA/QC program to ensure correct information is transferred into their GIS system and document these changes in their IM program.

2. In regard to Item Number 1B of the Notice pertaining to CPL's inability to provide documentation they had evaluated structures to determine whether the structures met the criteria for identified sites. Additionally, buildings determined by CPL to be identified sites were not evaluated for Class 3 location criteria. CPL must in conjunction with item 1 above conduct a survey of all potential identified sites along all of their pipeline systems and document the HCA boundary changes. Furthermore, all contact information obtained from these surveys including third party contact name, phone number and number of people at a site must be documented and used to adjust HCA and classification designation along the pipeline system. A complete list of any adjustments made to HCAs or pipeline classification as a result of this survey or Item 1 above must be reported to PHMSA's Western Regional Director at the conclusion of the surveys data being incorporated into the CPLs Gas IMP. This must be completed within six (6) months of the receipt of the final order.

3. In regard to Item Number 2A of the Notice pertaining to CPL had not completed any preventive and mitigative (P&M) evaluations per the requirements of 192.935(a); CPL must complete a P&M evaluation for all its' pipeline systems within six (6) months from receipt of the final order. Furthermore, CPL must provide a list of all P&M measures considered and planned for implementation at the end of this six (6) month window as well. CPL must have all P&M activities chosen for implementation completed or in active use within one (1) year from the receipt of this final order.

4. In regard to Item Number 3A of the Notice pertaining to the corrective actions identified by the Quality Assurance process have been documented and are monitored for effectiveness. CPL must correct their procedures so that all appropriately identified corrective actions must be implemented within one year

of the corrective action being identified. Furthermore, CPL must provide PHMSA's Western Regional Director with a complete list of corrective actions identified by their internal, external processes or other means, and indicate if it was implemented or not and supporting reasons for their actions on each potential corrective action identified for the next five (5) years from the receipt of this final order on a annual basis, but no later than January 31 of each year.

5. In regard to Item Number 4A of the Notice pertaining to CPL had not begun to measure and evaluate IM program performance semi-annually using threat-specific metrics as required by §192.945(a). CPL must implement this performance measurement requirement within six (6) months from the receipt of this final order. Furthermore, CPL must provide this performance measurement matrix to PHMSA's Western Regional Director for the 4 preceding years on a semi-annual basis.

6. CPL shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Chris Hoidal, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. Costs shall 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.