March 22 2013

VIA CERTIFIED MAIL 71791000164304521236
FAX TO: 713-432-3737

Mr. Randall Curry
President
Chevron Pipe Line Company
4800 Fournace Place
Bellaire, Texas 77401

Re: CPF No. 5-2013-5006H

Dear Mr. Curry:

Enclosed is a Corrective Action Order issued in the above-referenced case. It requires Chevron Pipe Line Company to take certain corrective actions with respect to the 8-inch pipeline that failed on March 18, 2013 near Willard, Utah. Service 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 this Order are effective upon receipt.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Gary Saenz, Team Leader, Chevron Pipe Line Company
Mr. Alan Mayberry, Deputy Associate Administrator for Field Operations, OPS
Mr. Chris Hoidal, Director, Western 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	)	
Chevron Pipe Line Company,[1]	)	**CPF No. 5-2013-5006H**
Respondent.	)	

CORRECTIVE ACTION ORDER

Purpose and Background

This Corrective Action Order (Order) is being issued, under the authority of 49 U.S.C. § 60112, to require Chevron Pipe Line Company (Chevron or Respondent), to take the necessary corrective action to protect the public, property, and the environment from potential hazards associated with the recent failure on Chevron's #1 Oil line in Willard, Utah.

On March 18, 2013, a reportable accident occurred on Chevron's #1 Oil line resulting in the release of an estimated 600 barrels of petroleum product (Failure). As of March 21st, approximately 251 barrels of product had been recovered. Chevron's #1 Oil line is a 8-inch diesel fuel line, approximately 760 miles in length, which transports diesel fuel from Salt Lake City, Utah, to Spokane, Washington (Pipeline). It includes delivery points to Boise and Pocatello, Idaho. The cause of the Failure has not yet been determined. The preliminary investigation points to a longitudinal seam failure; however, the mechanism of the Failure is still under investigation. 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. The preliminary findings of the ongoing investigation are as follows.

Preliminary Findings

- The Pipeline is an 8-inch diameter pipeline, approximately 760 miles in length, which transports diesel fuel from Chevron's Salt Lake City refinery to Spokane, Washington, with delivery points at Boise and Pocatello, Idaho. The Pipeline is part of Chevron's

[1] On or around December 11, 2012, Chevron Pipe Line Company entered into an agreement with Tesoro Logistics LP to sell its Northwest Products system which includes the pipeline subject to this Order. The sale was scheduled to be consummated during the first quarter of 2013. On the date of the Failure, Chevron was operating the Pipeline and therefore is the Respondent in this matter.

Northwest Products System, which includes four product pipelines: two 8-inch mainlines, one lateral, and one jet fuel line to airport. The two 8-inch lines are parallel and known as the #1 Oil line and #2 Products line.

- At approximately 2:26 p.m. M.D.T., on March 18, 2013, a failure occurred on Respondent's #1 Oil Line near Willard, Utah, resulting in the release of an estimated 600 barrels of diesel fuel, which approximately 251 barrels had been recovered by noon, March 21st. The Failure occurred in a marshland area within a 100 feet of Willard Bay, a freshwater lake. The Failure occurred at milepost 44.9, west of I-15 (Failure Site). The Failure was reported to the National Response Center (NRC Report No. 1041456) on March 18, 2013, at approximately 8:22 p.m. M.D.T.

- In response to the spill, Chevron shut in Line #1, mobilized vacuum trucks, and deployed booms.

- The Pipeline runs through many environmentally sensitive and drinking water High Consequence Areas (HCA). The Failure occurred in a marshland area in North Willard Bay State Park. Willard Bay is a freshwater reservoir on the eastern edge of the Great Salt Lake. The park is a well-used recreation area and is approximately 50 miles north of Salt Lake City. The property is owned by the U.S. Department of Interior, Bureau of Reclamation and is maintained by the State of Utah. The Failure did not cause any known injuries or evacuations but did result in the closure of a portion of the park and campground.

- Various state and federal agencies responded to the scene, including the U.S. Environmental Protection Agency, the U.S. Bureau of Reclamation, the Utah Department of Natural Resources, the Utah Division of Water Quality, and the Utah Department of Environmental Quality.

- The Pipeline was constructed between 1949 to 1952, mainly with seamless pipe and low frequency electric resistance welded pipe (LFERW). Several sections of the Pipeline, including the Failure site, consisted of seamed LFERW pipe.

- The maximum operating pressure (MOP) of the pipeline is 1870 psig, as established by hydrostatic test in 1987. At the time of the Failure, the actual operating pressure of the pipeline was approximately 1550 psig.

- The exact cause of the Failure is unknown and the investigation is ongoing. The preliminary investigation points to a longitudinal seam failure.

- Chevron last performed an in-line inspection (ILI) of this line in March 2007 and indicated no metal loss.

- The Northwest Products Pipeline System has experienced several failures dating back to 2002. However, these failures were not associated with longitudinal seams, which is the preliminary cause of the Failure. One of these, a 22-barrel petroleum release that occurred on April 26, 2010 on this line, was due to external corrosion at a coating holiday at Milepost 198.1 in Idaho.

- PHMSA previously inspected this line during multiple inspection days occurring between April 2011 and September 2012. As a result of this ongoing inspection, PHMSA issued a letter of concern on February 14, 2013, identifying potential safety concerns with the fact that Chevron's root cause analysis of that April 26, 2010 spill had not been finalized

- Chevron Pipe Line Company is an indirect wholly-owned subsidiary of Chevron Corporation. The company operates approximately 10,000 miles of pipelines that transport crude oil, refined petroleum products, liquefied petroleum gas, and natural gas across the United States. [2]

Determination of Necessity for Corrective Action Order and Right to Hearing

Section 60112 of Title 49, United States Code, provides for the issuance of a Corrective Action Order, after reasonable notice and the opportunity for a hearing, requiring corrective action, which may include the suspended or restricted use of a pipeline facility, physical inspection, testing, repair, replacement, or other action, as appropriate. The basis for making the determination that a pipeline facility is hazardous, requiring corrective action, is set forth both in the above-referenced statute and 49 C.F.R. § 190.233, a copy of which is enclosed.

Section 60112 and the regulations promulgated thereunder provide for the issuance of a Corrective Action Order without prior opportunity for notice and hearing upon a finding that failure to issue the Order expeditiously will likely result in serious harm to life, property, or the environment. In such cases, an opportunity for a hearing will be provided as soon as practicable after the issuance of the Order.

After evaluating the foregoing preliminary findings of fact, I find that continued operation of the pipeline without corrective measures would be hazardous to life, property, and the environment. Additionally, having considered the location of the Failure, including the proximity of the pipeline to fresh water resources, the existence of LFERW seam pipe at the Failure Site, and uncertainty as to the cause of the Failure, I find that a failure to issue this Order expeditiously to require immediate corrective action would result in the likelihood of serious harm to life, property, or the environment.

Accordingly, this Corrective Action Order mandating immediate corrective action is issued without prior notice and opportunity for a hearing. The terms and conditions of this Order 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, Western Region, PHMSA (Director). If a hearing is requested, it will be held telephonically or in-person in Denver, CO, or Washington, D.C.

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

[2] http://www.chevronpipeline.com/about (last accessed on March 21, 2013).

To the extent consistent with safety, Respondent will be afforded notice and an opportunity for a hearing prior to the imposition of any additional corrective measures.

Required Corrective Actions

Pursuant to 49 U.S.C. § 60112, I hereby order Chevron to immediately take the following corrective actions on that portion of the #1 Oil line running from the Salt Lake Pump Station (Milepost 0) to the Juniper pump station (Milepost 117.6) **(Affected Segment):**

1. Chevron must not operate the Affected Segment until authorized to do so by the Director.

2. *Restart Plan.* Develop and submit a written re-start plan for prior approval of the Director. Submit the written plan to the Director at the Pipeline and Hazardous Materials Safety Administration, 12300 W. Dakota Avenue, Suite 110, Lakewood, CO 80228.

   a. The restart plan must provide for adequate patrolling of the Affected Segment during the restart process and must include an incremental start-up, with each increment to be held for at least two hours. The plan must include sufficient surveillance of each increment to ensure that no leaks are present when operation of the line resumes. The restart plan must specify a daylight restart and advance communications with local emergency response officials.

   b. The restart plan must provide for a review of the Affected Segment for LFERW pipe conditions similar to those at the Failure site including original construction documents, integrity management records such as in-line tool inspection results, past hydrostatic tests, root-cause analysis of previous leaks and failures involving LFERW pipe, corrosion and cathodic protection records affecting LFERW pipe, and any findings that require remediation measures to be implemented prior to restart.

   c. The restart plan must provide a hydrostatic testing plan and schedule for the LFERW pipe in the vicinity of the North Willard Bay State Park (approximately milepost 43 to milepost 46). The proposed plan for hydrostatic testing must be at a pressure sufficient to strength test the pipeline considering the size of flaws that would survive the pressure test, and conform to the requirements of 49 CFR Part 195, Subpart E. The hydrostatic test must also include 30-minute spike test.

   d. Upon approval of the Director of the hydrostatic test plan, complete this testing within 30 days of restart. Any failures on the pipe during the testing must be removed and sent to an approved laboratory for metallurgical testing. Respondent must provide continuous patrolling of the pipeline segment between mileposts 43 and 46 at all times until hydrostatic testing is completed and the restart plan must provide for adequate patrolling of the pipeline segment between mileposts 43 and 46 during the restart process.

   e. The restart plan must also include documentation of the completion of all mandated actions, and a management of change plan that will ensure that all modifications are safely incorporated into Chevron's ongoing operations and maintenance procedures.

3. *Return to Service.* Obtain written approval from the Director prior to resuming operation.

4. *Pressure Restriction.* After receiving approval from the Director to restart the pipeline, the pressure of the Affected Segment is not to exceed 1190 psig (80% of the pressure at the time of the Failure) at the Failure site. 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.

5. *Removal of Pressure Restriction.* The Director may allow the removal or modification of the pressure restriction upon a written request from Respondent demonstrating that restoring the Affected Segment to its pre-failure operating pressure 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 Affected Segment.

6. *Metallurgical Testing.* 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. Within 10 days of receipt of this Order, develop and submit to the Director the testing protocol, including selection of the testing laboratory, 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.

7. *Root Cause Failure Analysis.* Within 60 days following receipt of this Order, complete a root cause failure analysis that is supplemented and facilitated by an independent third-party acceptable to the Director. The root cause analysis must document all contributory factors and the decision making process. Submit a final report of the root cause process results to the Director including any lessons learned and whether the findings are applicable to other locations within the Northwest Products System.

8. *Emergency Response.* Review and assess the effectiveness of the emergency response plans as related to the Failure, including public awareness and training activities prior to the Failure, as well on-scene response, coordination, communication and support during the Failure.

Pursuant to 49 U.S.C. § 60112, I hereby order Chevron to immediately take the following corrective actions on the Pipeline, as defined in the Purpose and Background Section.

9. *Records Verification*. As recommended in PHMSA Advisory Bulletin 2012-06, verify the records for the Pipeline which confirm the operating specifications for maximum operating pressure (MOP). Within 30 days of receipt of this Order, submit a report on this record verification for the Affected Segment to the Director and make the supporting records available. Within 90 days of receipt of this Order, submit a report to the Director on the remaining portion of the Pipeline and make the supporting records available.

10. *Inline Inspection.* Within 6 months of resuming operation, perform an in-line inspection (ILI) of the Pipeline. Chevron must use a tool capable of identifying and assessing LFERW longitudinal seam issues. The Director must provide prior approval of the final criteria and technology considerations taken into account in selecting the specific inspection tool. Technology considerations and final criteria should account for the size (length and depth) of seam anomalies and the possibility of selective seam corrosion in the Pipeline. The ILI must also include consideration of best available technology to reliably detect and size seam anomalies in casings. The data analysis must be completed expeditiously, but no later than 30 days of successful completion of the ILI. The ILI vendor must evaluate the results per a performance specification, including consideration of the location and size of the defects. The ILI vendor must distribute all reports in their entirety (including all media), whether preliminary or final, to the Director and the Respondent at the same time. Results of the ILI must be compared with the results of the previous ILIs in a report submitted to the Director that includes such comparison, as well as criteria and a plan for remediation of anomalies requiring immediate action.

Other Requirements

Reporting. 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 is due on June 22, 2013. The Director may change the interval for the submission of these reports.

Documentation of the Costs. It is requested but not required that Respondent maintain documentation of the costs associated with implementation of this Corrective Action Order. Include in each monthly report submitted, the to-date total costs associated with: (1) preparation and revision of procedures, studies and analyses; (2) physical changes to pipeline infrastructure, including repairs, replacements and other modifications; and (3) environmental remediation, if applicable.

Approvals. 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 action required by the submission as approved or modified by the Director. If the Director disapproves all or any

portion of the submission, Respondent must correct all deficiencies within the time specified by the Director, and resubmit it for approval.

Extensions of Time. 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.

The actions required by this Corrective Action Order are in addition to and do not waive any requirements that apply to Respondent's pipeline system under 49 C.F.R. Part 195, under any other order issued to Respondent under authority of 49 U.S.C. § 60101 et seq., or under any other provision of Federal or State law.

Respondent may appeal any decision of the Director to the Associate Administrator for Pipeline Safety. Decisions of the Associate Administrator shall be final.

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).

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.

In your correspondence on this matter, please refer to CPF No. 5-2013-5006H and for each document you submit, please provide a copy in electronic format whenever possible.

The terms and conditions of this Corrective Action Order are effective upon receipt.

_____ _____

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued