



August 14, 2024

Via E-mail to:

Mr. Dustin Hubbard
Director, Western Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration
12300 W. Dakota Ave. Suite 110
Lakewood, CO 80228

**Re: Response to PHMSA's Notice of Probable Violation and Proposed Civil Penalty -
CPF 5-2024-006-NOPV**

Dear Mr. Hubbard:

From September 12, 2023 through December 21, 2023, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) inspected the crude oil and HVL hazardous liquid pipelines in Greeley, Colorado operated by Noble Energy, Inc. under Operator ID Noble Energy, Inc. RBU (Chevron RBU).

As a result of the inspection, PHMSA issued a Notice of Probable Violation (NOPV) and Proposed Civil Penalty dated July 24, 2024, addressing three (3) probable violations of the pipeline safety regulations in 49 C.F.R. Part 195. With respect to item 1, PHMSA decided not to conduct additional enforcement action, but rather issued Chevron RBU a Warning. With respect to Items 2 and 3, PHMSA preliminarily assessed a civil penalty of \$51,300.00; \$30,100.00 for Item 2 and \$21,200.00 for Item 3.

Chevron RBU is proud of our pipeline safety program and is committed to managing our pipeline assets in a safe and diligent manner. Chevron RBU also understands that improvements and enhancements are integral to the success of our programs. Such PHMSA inspections provide a valuable opportunity for such improvements.

The purpose of this letter and attached Response to Findings is to provide a formal response to the NOPV and provide additional clarifying information for each of the three items. Chevron RBU seeks to comply with all PHMSA and other regulatory requirements, as well as to address any known findings/deficiencies when identified by PHMSA. Chevron RBU has already undertaken actions that address PHMSA's concerns.



With consideration of the records provided in this letter, and the significant progress Chevron RBU has made to advance pipeline compliance and integrity, Chevron RBU respectfully requests reconsideration of the proposed civil penalty for Items 2 and 3.

Please contact Marcelly Quirino at (713) 826-8213, or at Marcelly.Quirino@chevron.com if there are any questions or comments.

Sincerely,

A handwritten signature in black ink, appearing to be "T. Shannon", written over a horizontal line.

Mr. Tim Shannon
General Manager of Operations
Chevron RBU

ATTACHMENT

- **Response to Findings**



ATTACHMENT - RESPONSE TO FINDINGS

- 1. § 195.402 Procedural manual for operations, maintenance, and emergencies.**

(a) ...

- (c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:**

(1) ...

- (13) Periodically reviewing the work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found.**

Chevron failed to conduct periodic reviews of the work done by operator personnel to determine the effectiveness of the procedures used in normal operations and maintenance and failed to take corrective action where deficiencies are found as required by § 195.402(c)(13).

Chevron's O&M Manual – Revision August 1, 2023 – Section 1.7 – Procedure Effectiveness Review states that a review shall be performed at intervals not exceeding 15 months, but at least once each calendar year. However, Chevron representatives were unable to provide the PHMSA inspector with any records indicating that the O&M manual was reviewed for effectiveness in calendar years 2021 and 2023 as required by § 195.402(c)(13).

Therefore, Chevron failed to conduct periodic reviews of the work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and failed to take corrective action where deficiencies are found in calendar years 2021 and 2023 as required by § 195.402(c)(13).

[Chevron RBU response:](#) With regards to the warning described above, Chevron RBU has historically conducted periodic reviews of the work done by the operator personnel to determine the effectiveness of the procedures. At the time of the PHMSA inspection Chevron RBU was in the process of implementing a new system of record for managing O&M procedures, Procedure Hub, which enables easier utilization and review of procedures by the practitioners. Procedure Hub was launched in January of 2024 and practitioners received training throughout the 1st quarter of 2024. After implementation of Procedure Hub, Chevron RBU expediently completed all pipeline O&M procedure effectiveness reviews. Chevron RBU will continue to execute the procedure effectiveness reviews scheduled through Procedure Hub.



2. § 195.402 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where operations and maintenance activities are conducted.

Chevron failed to follow its manual of written procedures for conducting normal operations and maintenance activities as required by § 195.402(a). Specifically, Chevron failed to follow its Valve Inspection and Maintenance Procedure – Revision May 16, 2022, for the following valves on the Harper Kona line segment and 4-Way to DP411 line segment:

- Harper Kona line segment
 - o Valve Tag Number 16
 - o Valve Tag Number 17
 - o Valve Tag Number 18
 - o Valve Tag Number 22
 - o Valve Tag Number 23
 - o Valve Tag Number 24
 - o Valve Tag Number 25
 - o Valve Tag Number 26
 - o Valve Tag Number 27
- 4-Way to DP411 line segment
 - o Six 3-inch Balon Valves with no valve tags or unique identifier numbers

During the inspection, the PHMSA inspector determined that the valve inspection records provided for the Harper Kona line segment and 4-Way to DP411 line segment did not adhere to Chevron's written procedures. The valve inspection records conducted on March 9, 2023, June 30, 2022, August 25, 2023, September 1, 2023, and September 30, 2023, failed to follow Step 2 (Valve Inspection) of Chevron's Valve Inspection and Maintenance Procedure – Revision May 16, 2022. See, Exhibit A. Specifically, Chevron failed to document on its valve inspection records that the valves were secure (Step 2.4) and adequately supported (Step 2.6). Additionally, Chevron failed to verify the position the valve was left in (Step 2.10). Therefore, Chevron failed to follow its manual of written procedures for performing valve maintenance as required by § 195.402(a).

Chevron RBU response: The violation states that Chevron RBU failed to follow their Valve Inspection and Maintenance Procedure, specifically steps 2.4, 2.6, and 2.10 as shown below:

- o *2.4 Verify that the valve is secure. If not, document in Form XX that there is an issue with valve security.*
 - *Ensure padlock is easily operable.*
 - *Ensure identification and emergency phone numbers are posted.*
- o *2.6 Verify that valve is adequately supported. If not, document appropriately that there is an issue with valve supports.*
- o *2.10 Verify the position the valve was left in.*



Chevron RBU contests the allegations and is providing the following explanation and information:

Chevron RBU did follow their procedure specifically covering the steps addressed above. The procedure only requires Chevron RBU to document the verification of security, support and position when the valve is not secure or adequately supported, and therefore Chevron RBU was not in violation of not following their procedure. Furthermore, Chevron RBU has also installed unique identifier tags on all 3" DOT-regulated valves which do not come with a serial number from factory.

Nonetheless, Chevron RBU understands that documenting the verification of these items is a best practice and as such Chevron RBU is in the process of modifying their valve inspection form to document the verification of valve security, support and position.

3. § 195.420 Valve maintenance.

(a) ...

(b) Each operator must, at least twice each calendar year, but at intervals not exceeding 7 ½ months, inspect each valve to determine that it is functioning properly. Each rupture-mitigation valve (RMV), as defined in § 195.2, or alternative equivalent technology that is installed under § 195.258(c) or § 195.418, must also be partially operated. Operators are not required to close the valve fully during the drill; a minimum 25 percent valve closure is sufficient to demonstrate compliance, unless the operator has operational information that requires an additional closure percentage for maintaining reliability.

Chevron failed to inspect each valve to determine if each valve is functioning properly at least twice each calendar year, but at intervals not exceeding 7 ½ months as required by § 195.420(b). Specifically, Chevron failed to inspect the following valves on the Colt to DP501 line segment at least twice each calendar year, but at intervals not exceeding 7 ½ months:

- Colt to DP501 line segment
 - o Valve number 1972641007
 - o Valve number 1972642020
 - o Valve number 1908197

During the inspection, the PHMSA inspector determined that the valve inspection records provided for the Colt to DP501 line segment did not meet the requirements of § 195.420(b). Chevron only provided one valve inspection record conducted on April 15, 2023, in calendar year 2023. Since the last valve inspection record on the Colt to DP501 line segment occurred on April 15, 2023, Chevron should have performed additional valve inspections 7 ½ months later by November 30, 2023. However, Chevron failed to perform any additional valve inspections on the Colt to DP501 line segment by the end of the inspection on December 21, 2023, exceeding the 7 ½ month interval requirement by more than 0.5 months. Therefore, Chevron failed to inspect each valve at least twice each calendar year, but at intervals not exceeding 7 ½ months as required by § 195.420(b).



Chevron RBU response: Chevron RBU does not dispute PMHSA's assessment described above, but wishes to provide the following explanation:

Although Chevron RBU was unable to locate the identified valve inspection records, it has now implemented more detailed valve inspection and documentation processes, including the following specific activities:

- Modifying the system of record, Irth, to allow easier retrieval of records and to produce reports
- Generating a consolidated inventory of all PHMSA-regulated valves across all operating areas
- Loading all valves into the Chevron RBU GIS system to support compliance assurance
- Confirming that all valves are currently in compliance with 195.420(b)