

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

VIA ELECTRONIC MAIL TO: MR. TIM SHANNON

July 24, 2024

Mr. Tim Shannon
General Manager of Operations
Noble Energy, Inc. RBU (Chevron)
2115 117th Avenue
Greeley, CO 80634

CPF 5-2024-006-NOPV

Dear Mr. Shannon:

From September 12, 2023 through December 21, 2023, 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 Chevron's crude oil and HVL hazardous liquid lines in Greeley, Colorado.¹

As a result of the inspection, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

¹ Noble Energy, Inc. RBU is a subsidiary of Chevron Corporation. The OPID for this asset is: 31755 (NOBLE ENERGY, INC. RBU). The Unit IDs for this asset are: 82742 (MUSTANG CRUDE LINE), 84047 (WELLS RANCH CRUDE), 92708 (MUSTANG OHVS), and 99167 (EAST PONY LIQUIDS).

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).

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
 - Valve Tag Number 16
 - Valve Tag Number 17
 - Valve Tag Number 18

- Valve Tag Number 22
- Valve Tag Number 23
- Valve Tag Number 24
- Valve Tag Number 25
- Valve Tag Number 26
- Valve Tag Number 27
- 4-Way to DP411 line segment
 - 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).

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
 - Valve number 1972641007
 - Valve number 1972642020
 - 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).

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to 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. 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.

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 \$ 51,300 as follows:

<u>Item number</u>	<u>PENALTY</u>
2	\$ 30,100
3	\$ 21,200

Warning Item

With respect to item 1, 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 this item. -Failure to do so may result in additional enforcement action.

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 5-2024-006-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Dustin Hubbard
Director, Western Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Response Options for Pipeline Operators in Enforcement Proceedings*

cc: PHP-60 Compliance Registry
PHP-500 J. Luo (#24-299246)
Marcelly Quirino, PSR&I Assurance Advisor - marcelly.quirino@chevron.com