

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

VIA ELECTRONIC MAIL TO: cstroz@chevron.com

May 2, 2025

Mr. Christopher Stroz
Senior HSE Manager
Chevron Pipeline Co.
1400 Smith St.
Houston, TX 77002

CPF 5-2025-014-NOPV

Dear Mr. Stroz:

From July 8 to July 26, 2024, 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.), conducted an on-site inspection of the Chevron Pipeline Company's (Chevron) SJ Valley Gas System in Bakersfield, California.

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. § 192.14 Conversion to service subject to this part.**
 - (a) A steel pipeline previously used in service not subject to this part qualifies for use under this part if the operator prepares and follows a written procedure to carry out the following requirements:**
 - (1) The design, construction, operation, and maintenance history of the pipeline must be reviewed and, where sufficient historical records are not available,**

appropriate tests must be performed to determine if the pipeline is in a satisfactory condition for safe operation.

(2) The pipeline right-of-way, all aboveground segments of the pipeline, and appropriately selected underground segments must be visually inspected for physical defects and operating conditions which reasonably could be expected to impair the strength or tightness of the pipeline.

(3) All known unsafe defects and conditions must be corrected in accordance with this part.

(4) The pipeline must be tested in accordance with subpart J of this part to substantiate the maximum allowable operating pressure permitted by subpart L of this part.

Chevron failed to prepare and follow a written procedure for conversion to service, as required by § 192.14(a). During the PHMSA inspection, it was revealed that between September and December 2022, Chevron conducted a series of pipeline replacement projects, surveys and tests (Projects) on the 8-inch Mojave Spur steel pipeline located within Chevron's Kern River production field, to establish a connection with a third-party pipeline. Before the third-party connection, Chevron classified the Mojave Spur as unregulated facility piping not subject to the Part 192 regulations because the Mojave Spur was located entirely on Chevron's property within the Kern River production field. However, Chevron began considering the Mojave Spur as a pipeline subject to the Part 192 regulations, following the completion of the Projects.

During the inspection, PHMSA reviewed the Projects plans and records and observed that Chevron did not have a written procedure for the conversion to service for its pipeline system, including the conversion of the Mojave Spur pipeline. Since the Mojave Spur was considered unregulated prior to the Projects, and is now treated as regulated, this project qualifies as a conversion to service under § 192.14.

Therefore, Chevron was in violation of § 192.14(a) for failing to prepare and follow written procedures for the conversion to service at the time of the Projects, as required.

2. § 192.465 External corrosion control: Monitoring and remediation.

(a) ...

(d) Each operator must promptly correct any deficiencies indicated by the inspection and testing required by paragraphs (a) through (c) of this section. For onshore gas transmission pipelines, each operator must develop a remedial action plan and apply for any necessary permits within 6 months of completing the inspection or testing that identified the deficiency. Remedial action must be completed promptly, but no later than the earliest of the following: prior to the next inspection or test interval required by this section; within 1 year, not to exceed 15 months, of the inspection or test that identified the deficiency; or as soon as practicable, not to exceed 6 months, after obtaining any necessary permits.

Chevron failed to correct the deficiencies indicated by the inspection and testing of the cathodic protection system, as required by § 192.465(d). A pipeline operator is required, pursuant to §

192.465(a), to “determine whether the cathodic protection meets the requirements of § 192.463”. § 192.463(c) states, “[t]he amount of cathodic protection must be controlled so as not to damage the protective coating or the pipe.” Further, Chevron’s Gas Operations and Maintenance Manual, Section C.16.4.2 states that cathodic polarized over-potentials must be controlled so as not to damage the protective coating or the pipe.

During the inspection, PHMSA reviewed Chevron’s annual cathodic protection surveys for the Cross Valley East pipeline segment for the calendar years of 2019 through 2023. Records indicated that several test locations on the line exhibited pipe to soil readings more negative than -3,000 mV during this period. Excessive potentials on a pipeline’s cathodic protection system may lead to the generation of hydrogen, which can cause coating disbondment around an existing coating fault, hydrogen-induced cracking, or embrittlement in steel pipelines. Chevron did not provide any records demonstrating that these extremely high potential readings were promptly controlled, and remediated no later than May 14, 2024, as required, to prevent damage to the pipe’s protective coating.

Therefore, Chevron failed to meet the requirements of § 192.465(d) by not promptly correcting the deficiency specifically the high potential reading that could damage the pipe’s protective coating.

3. § 192.615 Emergency Plans

(a) ...

(b) Each operator shall:

(1) ...

(3) Review employee activities to determine whether the procedures were effectively followed in each emergency.

Chevron failed to review employee activities to determine whether the procedures were effectively followed in each emergency, as required by § 192.615(b)(3). The Chevron Pipeline Company California Response Zone Plan, Section II.14.3, requires that a critique of the incident response be conducted as soon as possible after an incident.

During the inspection, PHMSA reviewed records related to a leak that occurred on June 21, 2021, which required Chevron to activate its Chevron Pipeline Company California Response Zone Plan. However, during the review, Chevron was unable to provide any record demonstrating that employee activities were reviewed following this leak event.

Therefore, Chevron failed to meet the requirements of § 192.615(b)(3) by not reviewing employee incident response activities after a leak to determine whether the procedures were effectively followed during the emergency.

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 2 pursuant to 49 U.S.C. § 60118, PHMSA proposes to issue a Compliance Order to Chevron. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Items

With respect to Items 1 and 3, 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 these items. 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 5-2025-014-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: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

cc: PHP-60 Compliance Registry
PHP-500 F. Pirok (#24-297328)

PROPOSED COMPLIANCE ORDER

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

- A. In regard to Item 2 of the Notice pertaining to Chevron's failure to correct the deficiencies indicated by the inspection and testing of the cathodic protection system, as required by § 192.465(d), Chevron must:
 - 1) Within **60** days of receiving the Final Order, conduct an electrical survey at all pipeline locations where the pipe-to-soil readings reached -1.5V, measured with reference to a copper-copper sulfate reference electrode, to identify any existing or potential coating damage, and submit to the Director, Western Region. The electrical survey and subsequent analysis must be conducted by qualified personnel.
 - 2) Within **60** days of receiving the Final Order, adjust and lower the cathodic protection potential at the test stations located at mileposts 39.46, 39.8, 40.9, and 43.3, as well as other areas along the pipeline where readings reached -1.5V, to acceptable levels to prevent potential damage to the pipe coating.
 - 3) Any coating damage or deficiency in cathodic protection identified during the electrical survey must be repaired within **90** days of completion of the electrical survey results analysis, and proof of repair submitted to the Director, Western Region. If coating damage is found, tests to detect cracks should also be conducted and submitted to the Director, Western Region, upon completion.
- B. It is requested (not mandated) that Chevron Pipeline Co. maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Dustin Hubbard, Director, Western 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.