

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 21, 2010

Ms. Rebecca Roberts
President
Chevron Pipe Line Company
2811 Hayes Road
Houston, TX 77082

CPF 5-2010-5026M

Dear Ms. Roberts:

On June 8-11, 2010, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) and the Washington Utilities and Transportation Commission (WUTC), pursuant to Chapter 601 of 49 United States Code, inspected Chevron Pipe Line Company's procedures for operations, maintenance, and emergency response in Lakewood, Colorado.

On the basis of the inspection, PHMSA identified the apparent inadequacies found within Chevron Pipe Line Company's plans or procedures, as described below:

1. **§195.55 Reporting safety-related condition reports.**
 - (b) **A report is not required for any safety-related condition that –**
 - (3) **Is corrected by repair or replacement in accordance with applicable safety standards before the deadline for filing the safety-related condition report, except that reports are required for all conditions under paragraph (a)(1) of this section other than localized corrosion pitting on an effectively coated and cathodically protected pipeline.**

Chevron Pipe Line Company's Operations and Maintenance (O&M) Procedural Manual pertaining to the safety-related condition report is inadequate because Chevron's Pipe Line Company's procedure MIP 102 refers to "ineffective" coating. That is not consistent with the requirement of § 195.55(b)(3) of Subpart B.

2. §195.230 Welds: Repair or removal of defects.

(a) Each weld that is unacceptable under §195.228 must be removed or repaired. Except for welds on an offshore pipeline being installed from a pipelay vessel, a weld must be removed if it has a crack that is more than 8 percent of the weld length.

Chevron Pipe Line Company O&M Procedural Manual pertaining to repair or removal of defects is inadequate because Chevron Pipe Line Company's procedure 5.10.4 allows repair of cracks greater than 8 percent. Per § 195.230(a), a weld must be removed if it has a crack that is more than 8 percent of the weld length.

3. §195.308 Testing of tie-ins.

Pipe associated with tie-ins must be pressure tested, either with the section to be tied in or separately.

Chevron Pipe Line Company's O&M Procedural Manual did not include a provision in their manual to address tie-ins. Chevron's O&M Procedural Manual is inadequate because they did not clearly describe how pipe associated with tie-ins must be pressure tested as required by §195.308 of Subpart E.

On Saturday, June 12, 2010, Chevron discovered a failure on its crude system pipeline in Salt Lake City, Utah. According to the results of the accident investigation, the failure had occurred the previous evening. The investigation also revealed that a fault current imparted from an electrical transmission facility located directly over the pipeline caused the failure by creating a hole in the pipeline. That electrical facility had been constructed over the pipeline during the early 1980s. The probable violations associated with this failure are being addressed in a separate letter, but the circumstances of the failure indicate that Chevron Pipe Line Company has inadequacies with their O&M procedures, specifically:

4. §195.402 Procedural Manual for operations, maintenance, and emergency response.

... (c)(6) Minimizing the potential for hazards identified under paragraph (c)(4) of this section and the possibility of recurrence of accidents under paragraph (c)(5) of this section.

Chevron must revise its current patrolling procedures to ensure that their personnel conducting patrols can properly inspect the surface conditions on or adjacent to each pipeline right-of-way per the requirements of §195.402 Inspection of rights-of-way and crossing under navigable waters. The June 12th release reveal that the current aerial

patrol procedures are inadequate in certain situations, such as patrolling areas with difficult flying conditions, heavy vegetation, or congested development. The patrolling method must be adequate to allow discovery of not only new development or other changed conditions along the ROW, but also any pre-existing conditions that pose a hazard to the pipeline or are capable of causing a recurrence of past accidents.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. 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.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

In correspondence concerning this matter, please refer to **CPF 5-2010-5026M** 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

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*

cc: PHP-60 Compliance Registry
PHP-500 J. Stahoviak (#129239)